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Analysis Effect of Accrual Discretion Against SILPA (SIKPA) Budget Calculations on Local Government

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Abstract: The research we carry out is aimed at researching the implementation of measures taken by the local government (discretionary accruals) to the substantial amount of the budget obtained local governments in the current year. This study uses some model approach. The data obtained from reports generated include the Local Government Budget Realization Report (LRA), Statements of Operations (LO) and the Balance Sheet and Statement of Cash Flows (LAK) of each local government who are in the neighborhood of South Sumatera. All Model can show accrual discreation value. But first group (Healy, De angelo, and Hribar) show some variation result numbers with negatif and positive slope. Meanwhile on the second group (Jones and modified) the result shows consisten value and slope. The study results show that in the local government finances there are accruals values of accruals discreation. In addition, existing accrual discretion affects SILPA (SIKPA) of current year budget calculations.

Keywords: Accrual; Discretion; Revenue; Total Accrual; Asset

Introduction

New Paradigm of *"New Public Management"* or (NPM) has penetrated and used in our country. One character is entering what is regarded as*"the best practice"*in the private sector to the public sector. If you do more in-depth search then aspects of financial management undertaken by the government already has the characteristics of NPM at various stages of financial management. Stages using NPM financial management including planning, budgeting, implementation and reporting and accountability. So do not be surprised if in the resurrection of NPM in Indonesia, the spirit of *reinventing* the public sector in general, also penetrated in the financial management sector. Financial management in central government and local governments one feature of the current stand and is also a characteristic of NPM is the use of accounting in financial management reporting process.

Public financial management has changed from administrative models into scientific management. It is characterized in that the Indonesian government has used accounting in

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the financial reporting process as a form of accountability. Accounting used has undergone a change in the use of the base model of accounting for financial reporting purposes. The government has embarked on a cash basis, the cash to the accrual to date on an accrual basis. Regulation underlying the use of the cash basis is Act 18 of 1965 and Law Number 5 of 1974, while the regulation underlying the use of accrual basis include: Law Number. 32 of 2004, Law Number 33 of 2004, Law Number 17 of 2003, Act Number 1 of 2004, Law Number 25 of 2004 and Act Number 15 of 2004. Cash basis basing recognition and recording of transactions in the cash receipts and disbursements for financial reporting. While cash to the accrual based recognition and recording of transactions in cash and at the end of adjustment on account groups riel or account balance. Accrual based recognition and recording of transactions on the transaction date regardless of the cash has been received or are already being paid or not. Displacement aimed accounting basis in order to improve transparency, accountability and value for financial reporting information compiled by the Government. It is also useful to help financial management and accountability of government more transparent and accountable exclusively on accounts such as accruals, depreciation / amortization, debt, receivables and other losses.

The use of accrual basis is to improve decision making on government with information based on financial reporting that bases itself on the occurrence of an event of economic government. This needs to be seen in a wider context. Countries that have adopted accrual generally been at the forefront of public management reform. This reform aims to support the management of government is responsible for the results and / or outputs while the efforts in the input control. In this context, it is expected that the management should be responsible for all expenses associated with the results and / or the output produced, not just spending cash. Only accrual which allows to capture the full load, thus supporting the effectiveness and efficiency of decision-making by the management of the government. In short, when the management of the government is given the flexibility to manage their own resources (inputs), they must have the necessary information to do this. Therefore, the application of the accrual is an inherent part of broader reform.

Implementation of accounting as a model for recording and reporting on the basis of certain accounting shows the difference between the public sector with the private sector. The government and local governments and government at the village level in comparison with private organizations or private have differences in the application of accounting initially. Application of accounting in the private own time and experience has been a long while in the public sector in particular government has a long experience with the accrual basis. The government used accounting using accounting techniques that are different from private include using basic accounting transactions that have been budgeted *(BudgetAccounting),* their journals used on government budgets also showed differences with the private sector. Besides the differences that exist among others in terms of the government's financial statements also have more variety than the private sector. The structure also becomes more accounts in the government than in the private sector.

The application of the accrual basis has benefits both for the government and local government. The advantage of an implementation of accrual based accounting system or *accrual accounting system* is a benefit in terms of improving the effectiveness and efficiency of resource allocation, quality manufactures better policies, better control over assets, identify liabilities better opportunities for comparative sector-public, private financial management will be central concern, the quality of management of cash flow and current assets / liabilities better.

Implementation of accrual based accounting system in Indonesia was preceded by the birth of a variety of financial regulation and local governments. It is characterized by the release of packages Finance Law: Law Number 17/2003, Law Number 1/2004 and Law Number 15/2004. One mandate of Law Number 17/2003 is the implementation of *accrual accounting* in Indonesia, with a maximum limit implemented in 2008 deadline that has been mandated these laws have been passed by the government. This does not mean a failure, because there is hope, and at this time has been running.

In addition to the above financial regulation package the government has also spawned special rules for the implementation of accrual based accounting. The regulation stipulated in the regulation number 64 home minister in 2013 on the application of accrual accounting standards bases and Government Regulation No. 71 of 2010 on government accounting standards (accrual basis). The birth of the regulations regarding the implementation of accrual based accounting system in government and the local governments have a wide range of implications for government and local government. Government and local authorities have to really prepare well so as not to fail in implementation. Besides internally government has issued various regulations as a boost to efforts to implement accrual accounting, there is also encouragement from abroad regarding the implementation of this bases accrual accounting system.

Implementation of accounting in government and local government in the international community led to the accrual basis of accounting. It is shown the tendency of the international community concerning the use of accrual basis on the environment and local government (Chan JL, 2010). Currently, implementansi *accrual accounting* almost universally believed to as a way to bring the government more accountable and transparent, as stated by the bustling scientific journals and the like about the*"urgency" accrual accounting.* Accountable and transparent in the use of *resources* and policies by the government to carry out and perform the duties of the state. International institutions such as the World Bank, OECD, ADB and IMF today recommend *accrual accounting* in its member countries (Bontas & Petre, October 2009). Interests comparative financial statements between countries is also one reason for the recommendation. This is also supported by the view that accrual information are financial management tools that can be very effective at improving the quality of financial management, public sector and accountability on improving the quality of decision-making and administrative control of the government in the process of resource management (PWC, 2014).

Needs increased transparency and accountability to users and government stakeholders and government to better understand the role of local government. The public increasingly larger current. Government became the wheels of growth of development in our country. A trillion rupiah government manage resources in a variety of forms. The government should be transparent to the public good every tax payer or other communities. Society must receive the correct information, valid, and reliable and timely. Therefore, the government needs to have the authority in financial management. Authority (discretion) related to reporting gives the government discretion in the preparation of financial statements among others by organizing various accounting policies including the policy on the basis of accounting is the accrual or discretionary accruals.

Various background above makes us to be interested in examining the government's authority in financial reporting with their discretionary authority accrual on management local government. Discretionary accruals is the authority of local government (local government management) to determine how much the implementation of accrual reporting

levels of government and local government. Accrual levels are grouped into five levels, namely *the accrual mild, moderate accrual, accrual strong, super accrual,* and *radical accrual.* Government and local authorities should manage its finances with the authority is either in financial management and in the process of preparing financial statements or reporting. Discretion or authority possessed one of them is discretion accrual. Accrual discretion is the authority of local government management to implement accrual in the financial reporting process. The local government applying discretionary accruals pushed side because of the regulatory aspects but also encouraged various other motive. Of course, local governments are not allowed to apply discretionary accruals that hurt the government and the local governments themselves. Management in this case bureaucrats or politcian have a variety of motive for any action or decision-making for the benefit of the government or the local government management. With these assumptions, we must be able to analyze whether the management of local governments have discrestion accrued benefit him or benefit us all (public) to raise or lower the impact on the income rise or fall of the surplus or deficit of the current year.

Theory Framework

Our research intends to examine whether the authority of discretionary accruals made or taken by the local government management has implications for number more (less) budget calculation current years or SILPA (SIKPA)? In addition we would like to see or examine whether the effect of the accrual discretion will give affect a positive or negative on number more (less) budget calculation current years or SILPA (SIKPA)?

To be able to answer the research objectives will we do then we construct a theoretical basis related or relevant to the purpose of our research. The government has implemented a very fundamental change in the areas of planning, budgeting, implementation, reporting and accountability. In this study our concern is the aspect of reporting. Reporting is the local government system to record transactions, postings and local government financial statements. The process of recording is done by using the accounting approach. Accounting is a systematic process to record and compile a report. In recording or accounting journals using approach, *duality* and using accounting basis. Technical recording of *duality* is the recording of the two sides are debit and credit. Basis of accounting is the basis for recognition of the transaction. The government has implemented various accounting basis from cash, modification, and accruals.

In addition, a number of reasons such as economic and political events encouraged the government to switch to accrual, among others, the Government make decisions and take action with consequences beyond the current period, the Government received a credit and continuing credit, the Government have resource *non-cash,* there is no relationship between taxes and government services in the short term at the individual level, politicians have incentive to delay or not to a charge (Chan JL, 2008). How do you react whether to deploy an accrual accounting? The answer, among others, does not negate the reality, understand the resource as an asset, understood as an obligation bonds, to strive for top performance measures resources owned or used, put more pressure on the disclosure. To able to the management of the various resources managed by the local government management, the management implemented a variety of policies including policies regarding the process and method of recording.

To facilitate the financial management and accounting using the base on economic method of recording transactions carried out by the local government. Basis of accounting is a method of accounting discipline to record transactions or economic events disciplined approach to accounting. The approach we mean the method or technique to record the transaction. Recording of transactions using the method of double entry bookkeeping with the principle of duality or bookkeeping two sides of the debit and credit. Accounting basis, there are several of them, namely the cash basis, the accrual basis and cash basis and accrual basis modified. Cash basis basing recognition recording on a cash basis. Transactions are recorded based on the cash receipts and disbursements. Accrual basis based on the transactions, although not yet received the cash or cash issued.

Accrual is one method or approach used by local governments at this time. Accrual-based accounting is the recording of basing itself on the economic events while local government has not yet received the cash or cash issued. With this method creates the potential or the right to receive benefits in the future with record revenues at a time of economic events. In addition to the accrual method, the government has an obligation to the future because the government has benefited this time. In other words, there will be an obligation to the future with the expenses incurred at this time. By applying the accrual on various aspects of both revenues, expenses, assets, liabilities and others then we can understand the level of accrual is applied by the management of local government in the management and financial reporting.

Levels of application level accrual accrual is made for the implementation of local government management discretionary accruals. By applying the discretionary accruals accrual levels will be different for various local governments. Local governments develop systems and procedures for financial management. In addition, local governments are also preparing for the implementation of accounting policies of accrual-based accounting system. Every local government draw up their own guidelines for the home ministry regulation number 64 of 2013 on the application of accrual-based accounting standards. With the preparation of different accounting policies relative then there will be the possibility of diversity in the level of accruals implemented. Accrual levels in the existing literature is divided into five levels, namely the accrual mild, moderate accrual, accrual strong, super accrual, and radical accrual (Chan PJ, 2010). The higher accrual of the more dubious recognition of assets and liabilities are estimates and are more judgmental, less reliable, and has the possibility of other less relevant to monetary measures and less meaningful in terms of disclosure (Chan JL, 2008). Accrual levels into varied between the local government and other local governments for their discretionary accruals that are owned by the local government management.

Discretionary accruals are accounting policies that provide flexibility to management to determine the number of transactions in a flexible accrual, or in other words, method discretionary accrual provides an opportunity for management to fix the surplus (deficit) in accordance with the wishes of local government management. Accrual discretion is the authority of local government management to implement accrual basis on the management and financial reporting of local government. Meaning of discretionary accruals conceptually, is accrual value is determined by the policy/management discretion. Discretionary accruals patterned to have a connection with other aspects of the organization (local government) as total accruals, revenue, accounts receivable, property plant and equipment (PPE). However, sometimes there are a number of discretionary accrual value that does not match the pattern relation to these aspects. This value is called discretionary accruals ***abnormal,*** which is often used as a proxy for discretionary accruals

that had been "manipulated." The ultimate goal of the discretionary accruals manipulation, of course, is the manipulation of profit figures, or, in other words, earnings manipulation**.** Local government revenue divided into two LRA and LO income. Revenue /income LRA is all the general treasury account receipts countries / areas which add balance the budget over the period of the fiscal year in question the right of the government, and does not need to be paid back by the government. This revenue on a cash basis. Revenue is recognized when cash is received. As for shopping are recognized when cash is paid or exit. Revenue LRA grouped into some of them local revenue s, income transfers, and other legitimate income. Technically income LRA are reported in the report and have an account with number four (4) for Income. LRA produce SILPA or SIKPA. SILPA is more number calculation budget on going current years. Meanwhile SIKPA is less number of calculation budget on going current years.

LO - Revenues/income is the right of local governments are recognized as additions to equity in the relevant fiscal year period and does not need to be repaid. Revenues are recognized on an accrual basis LO. These revenues consist of local or original revenues area - LO, LO-transfer income, and other legitimate income - LO. LO technically revenue reported in the statements of Operations (LO) and have an account with number 8 (eight) and produce a surplus or deficit LO. Local Government Management do "manipulation" profit (surplus / deficit) profit for the year due to a variety of motive. This happens due to a variety of motive as described in agency theory.

Agency theory describes the relationship between the central government and local government. Both the central government *(principal)* and local government *(the agent)* assumes that agents consider its interests and maximize revenue and share fees or use fees in order to achieve a profitable return for the management or agent (Jensen, MC & H.Meckling, 1976). The concept of agency theory is the relationship or contract between principal and agent. *Principal* hired *agent* to perform tasks for the benefit of *the principal*, including the delegation of decision-making authorization from the principal to the *agent*. Contribution this theory *principal-agent* in the local government assumes that: (a) monopoly behavior limited by a community effort to monitor the impact of government policy; (b) government policy areas affecting local government asset value (Bravo, 2002). Besides politicians, the management (bureaucrats) local governments have a variety of motive in carrying out discretionary accruals.

Public choice theory assumes that politicians and management (bureaucrats) governments pursue their own goals and act according to their preferences, ie, in other words they have a behavior (Mueller, 2003). Reasons for earnings management can be expressed in terms of the cost of either contractual or in the form of political (Zimmerman, 1990). As in other studies, the public sector entity, the management of local governments may have an incentive in the form of the use of accounting choices for various purposes like disguising poor financial performance management deficiencies or *insufficiencies* of funds in the provision of public services, and to avoid the increase in the cost of services or deficit, and achieve performance targets are expected to finance.

Questions Research

Our research using the research framework of testing the effect on the variable x (independent) to variable Y (dependent). The independent variable in question is discretionary accruals variable. While the dependent variable in the form of income, especially in the form SILPA (SIKPA) for the LRA reports. With the above explanation,

we draw up the following hypotheses 1 is Accrual discreation affect local government SILPA (SIKPA) calculation of the local government budget on the current year.

The local government in this case used the authority of local government management related to the implementation and management of accrual based financial reporting hopes to improve the SILPA (SIKPA) calculation of the budget. Authority in terms of management and financial reporting used by management to present a financial report that displays the residual value is SILPA (SIKPA) calculation of the budget increased compared with previous years. Thus the performance of the overall financial management would also seem to increase. Financial management performance increase will improve the performance of the local work force. If the performance of the local work force increases, the performance of local governments will also increase. Motive use of authority or discretionary accruals which aims to state the SILPA (SIKPA) calculation of the budget be increased among others allegedly due to disguise the poor financial performance, management deficiencies or *insufficiencies* of funds in the provision of public services, and to avoid the increase in the cost of services or deficit, as well as achieving appropriate performance targets projected in the financial plan.

Previous Research

We have conducted research on various articles in several countries related to the theme of our research. This we do because domestic research relatively rarely associated with the theme that we picked up. The first study to be a reference to our research is the study entitled *"Cash versus accrual accounting in the public* sector" conducted by Andriana Tiron Tudor, Alexandra Mutiu of Babes Bolyai University, Cluj Napoca, Romania in 2006 (Tudor & Mutiu, 2006). The purpose of this research is to analyze evaluation shift from cash basis to the accrual in the public sector, the factors that influence in the case of public sector accounting in Romania and the responses to the question:

1. Is the transition from cash basis to the accrual accounting will bring change for the better?
2. Whether Romania will select the system or refuse?

The result of this study shows Romania adopts the accrual accounting system for the public sector since 2006. For Romania concluded that the public sector in Romania Accounting better adheres to accrual accounting.

The other study, entitled *"Theoretical Framework for Analyzing Accounting Developments: in Case of Local Government Accounting in Japan*", by Kiyoshi Yamamoto of the University of Tokyo in 2012. The purpose of the study tested the development of local government accounting in Japan in five Decades ago (Yamamoto, 2012). Test at the level of term scope and time; macro and micro perspective and the impact. The result of process research shows that the development of local government accounting in Japan is the interaction of various players linked both vertically and horizontally: local government and central government, and various ministries in the central government.

The next study entitled *"Accrual Accounting and the Australian Public Sector - A Legitimation Explanation*" conducted by Nicholas Davis written on the Australian Accounting Business and Finance Journal Vol 4 issue 2 of 2010 (Davis, 2010). The purpose of this study is to identify the key event in transition and analyzing it with the theory of Habermas (1976), namely the theory of legitimacy. Results showed conformity with the type asutralia state that the welfare state during the economic crisis was inevitable occurrence of manifestation

in terms of rationality crisis in the administration system in the form of fiscal deficits and increased debt levels.

Other research in croatia entitled *"Publicsector Accounting in Slovenia and Croatia*" by Tatjana Jovanovic, the Public Finance and Accounting 2015 (Jovanovic, 2015). The purpose of this study to analyze and compare the Slovenian and Croatian accounting system in order to assess conditions in the country orientation for transparency and financial management information and developments in the implementation of the principle of accrual budgeting. The results showed accrual implementation phase in national legislation, with the planning and implementation of budgeting (budget accounting) are still based on cash principle.

Furthermore, there is research in Nigeria entitled "*New Public Management and Accrual Accounting Basis for your Transparency Accountability in the Nigerian Public Sector*" by Dr. Ofoegbu, Grace N. (Ofoegbu, 2014). The purpose of this study is to examine whether the adoption and implementation of IPSAS accounting accrual basis will increase accountability in the financial statements of public sector Nigeria, examine whether the adoption and implementation of IPSAS accounting accrual basis will increase transparency in the financial statements of public sector Nigeria, examine whether the adoption and implementation of IPSAS accounting basis accrual will improve the quality of accounting information in the financial statements of public sector Nigeria, this study helps dispel concerns of practitioners, accountants public sector, auditors and accountants educators to show that IPSAS accrual basis will help ensure accountability, transparency and increase in financial reporting, but some of the challenges that are not different from other countries that implement IPSAS accrual accounting was also found. It is expected that wekaness public sector financial reporting can be corrected through a system that was built with the accrual system.

Research in India entitled *"The Effectiveness of replacing instead of cash accrual base in the public sector accounting and budgeting*" by Amir Marand Azadi, Mehdi Shabani, Mahmoud Hnema, the Indian Journal of Your Fundamental Applied Life Science: 2231-6345 vol 4 april 2014 - june pp 1198-1211 (Marand, Shabani, & Hnema, 2014). This study examines the advantages and disadvantages of the system of accrual accounting and cash, potential models between accounting and budgets, needs and reform processes in the system of budget and accounting in the public sector. Also analyze 3 models and budgets of different accounting applied in Slovenia and Croatia-Serbia. The results show that there is no doubt judgement accounting model and can implement full budget for the government.

In addition, there are research in Europe entitled *"Accrual accounting in the EU Local Governments: One Methode, Several Approaches*" by Vicente Pina, Lourdes Torres, and Ana Yetano European Accounting Review Vol. 18, Iss. 4 in 2009. The aim of this study was to measure the level of accrual accounting system implemented on local governments in Europe and also try to answer the question why accrual accounting gain resistance. The results showed differences in the level of implementation of accrual accounting and compliance with regulations.

The latest study we make a referral entitled *"Earnings Management In English Local Governments: Determining Factors And Instruments*" by María José Arcas, Ron Hodges Caridad Marti, written in Spanish Project Research project R & D Palna Project ECON2010-17463, in 2012 (Arcas & Marti, 2012). This paper investigates the earnings management in English local government, including the motivation for its use and the instruments used to achieved. We find evidence management accounting figures in local government. There is

no clear tendency that the increase and decrease in income. Local governments use accounting practices to achieve "surplus (deficit) cuurent years " close to zero.

Methods

Data Collection Technique

Data we use is secondary data. The data we collect comes from financial statement data. Financial Statements that we use include the balance sheet, budget realization reports, operational reports and cash flow statement. Data taken from the financial statements and tabulated with Excel and converted using SPSS 20. Data processed by using multiple regression method.

Population and Sample

The local governments that become the object of our study is that local governments in South Sumatera. For local governments in the region amounted to 18 government South Sumatera Regional. The local government consists of 1 (one) of the Provincial, four (4) City and 13 (thirteen) regency Government. We use all local governments as research object. All local governments have implemented accrual accounting system. Data object of this study are the financial statements of the Local Government. Data examined include the financial statements of 2014 and 2015. The financial statements were examined among others the balance sheet, cash flow statement and operational reports and cash flows of the Provincial, Regency, and City in the South Sumatera area. Each Local Government to submit financial reports to the regional government is government of the Province. So all data contained on the provincial government unit work Regional Secretariat of the Regional section Liege.

Variable Operational

Operational variables that we use from of several previous studies that equation using five models including models Healy, De Angelo, Hribar, Jones, and modified Jones. We use existing variables in the model. Among the operational variables that we use in this study include total accruals (ACCR), the total accrual is the value of the difference between the net cash flow from operating activities of local government in the period specified by the surplus or deficit (Jones, 1991). Net Cash Flow Operations (COFO) is the net cash value of the cash flows from operating activities of certain local authorities and in a given year (Subramanyam & Wild, 2010). Surplus (deficit) (Dy) is the difference between revenues and expenses in local government (Perrin & Whiteoak,1993**).** Accrual rate, the level of implementation of accrual financial statements of local government.

Data Analysis Techniques

Analysis data that we use using regression. Multiple regression because we use multiple independent variables and the dependent variable. In addition, we also use some models for the purposes of this study.

Research Model

In terms of private sector earnings management is used to describe the use of discretionary management of the effort to manage earnings. Term earnings management in the public sector, better known as the management accounting numbers. Management accounting figures through the use of the practice of accrual accounting is a means or mechanism or thing that is very interesting, it is because in practice such mechanisms, taking into account

the revenues and expenses of the current year do not involve cash flows, even not all accrual derived from the practice of management accounting figures.

Definition of accrual is the difference between revenue and operating cash flow (Ronenand Yaari,2008). Meanwhile, according to other experts is total accruals accruals understanding is the difference between revenue and operating cash flow (Jones,1991). Understanding others regarding accrual is defined as the total accrual of income earned prior to the close of business and exstra ordinari items reduced operating cash flow. Accrual occurs when revenues and expenses are recognized because of the events happen. Local governments management can manipulate accrual at the end of the year. Possible manipulation in accrual of income derived from the management, because it is not direct affecting cash (Roychowdhury, 2004).

Total accruals are defined as part consisting of discretionary accruals (DA) and non-discretionary accruals (NDA). Non-discretionary accruals are accruals that can not be manipulated by management. While discretionary accruals is total accruals are believed to indicate the level of revenue management. It takes the model to separate the discretion of the total accruals. Discretionary accruals can be controlled and managed by the manager. It can be formulated in the following equation;

Total Accrual (TA) = Non discreationary Accruals (NDA) + Discreationary Accruals (DA)

The first calculation methode of TA :

TA = □ CA_t - □ $Cash_t$ - □ CL - □ DCL - DEP_t

Where:

□ CA_t = change Current assets in year t

□ $cash_t$ = change in cash and cash equivalents in the year t

□ CL = change Current liabilities in year t

□ DCL = change in liabilities, including liabilities's moderate in year t

DEP_t = Depreciation and amortization in t year

Second calculation method of TA:

TA = NI - CFO

Where

NI = Net income (net Income)

CFO = Operating cash flow

Understanding the accrual composition can also be explained by varying the composition of accruals into several parts. First, the accrual from ordinary activities of an entity (called accruals expected). This accrual resulted from the activities of local government management that are not distorted by the practice of management accounting figures. Second, the accrual of the management practices of accounting numbers (called abnormal accruals). Abnormal accruals (ABNACCR) is the value of accruals which there are discretionary accruals management practices of local governments. Due to abnormal accruals are variables, *unobserve*we calculate it using abnormal accruals formula which is the difference between total accruals (ACCR) and accruals expected (EXPACCR) are denoted as follows:

ABNACCRjt = ACCRjt -EXPACCRjt or

EXPACCRjt = ACCRjt - ABNACCRjt or

ACCRjt = EXPACCRjt + ABNACCRjt

Where:

ABNACCR = Abnormal accruals

ACCR = total accruals (ACCR),

(EXPACCR) = accruals expected

j = indicates the entity observation j

t = year t

From the composition of the formula described above, in the calculation of discretionary accruals need to use the calculation model. To determine their discretionary accruals in the financial management of local governments. Research models we use are some models that have been used by previous researchers. Results of research conducted by David Radoslaw Wroblewski in 2016 showed that the most common model used to determine the presence of *earnings management* of discretionary accruals, among others:

No	Accrual Model	Number Study
1	Modified Jones Model from Dechow, Sloan and Sweeney (1995)	61
2	Jones (1991)	40
3	Healy (1985) and De Angelo (1986)	14
4	Teoh, Welch and Wong (1998)	11
5	Kotahri, leone and Wasley (2005)	9
6	Kasznik (1999)	7
7	Dechow, Tuna and Richardson (2003)	4
8	Kang and Sivaramakrishnan (1995)	4
9	Larcker and Richardson (2004)	4
10	Others	61
	Total	215

For that not to be too broad and the more focused the discussion on this research, we limit the discussion to this research by using approach three models to determine management revenue of local governments. The model that we use a model which is a ranking of the top three finishers from the table above as a model that is most widely used in research on discretionary accruals and earnings management. In addition, we also use Hribar models with a view to deepening of the model Angelo.

The first model, using the model of Healy. Healy testing *earnings management* compare with an average total accruals (scale with a *lag of total assets*) to variable earnings management.The average total accruals from the period estimates indicate the size of the *non discreationary* accrual. From equation which became the model can be obtained formulas to test their discretionary accruals, accruals and estimates total non discretion accruals. The model used is as follows:

NDA = tTAit,

then scaled by Total Assets:

NDA = 1 / ntTAitAit-1

or

DA = TA_t -NDA_t ..... Equation (1)

Or if substituted to be

-TA= -DA – NDA, or TA = DA + NDA

Where:

NDA : Estimation of non discretionary accruals

DA : Discreation accrual

$TA_{it:}$: Total accrual

Ait : total assets for the period t and t-1,

T : is the estimate,

n : number of years in the estimation period

Second Model, use model of De Angelo (1986). Model Angelo using the approach of total accruals are measured using the balance sheet items or items in the statement of cash flows.

NDA = TA t-1

Assuming NDA constant and NDA is a variable that is *unobsevrb,*so TA = DA or DA = TA so that the equation is the scale with an average total assets be as follows:

$$DA = \frac{CAi,t}{(Ai,t+Ai,t-1)/2} - \frac{CAi,t-1}{(Ai,t-1+Ai,t-2)/2}$$ .....Equation (2)

Above equation using the data sheet. This has the disadvantage such as that delivered by previous researchers that Hribar and Collins. Hribar and Collins found that the frequency and magnitude of errors caused by the use of accrual-based balance sheet data to calculate the value of accruals, thereby suggesting the use of accrual taken or use the data in other financial statements are statements of cash flows (Hribar & Collins, 2002).

Therefore, we measured the total accrual of the statement of cash flows as follows:

ACCRjt = - DYjt + COFOjt

or

ACCRjt = COFOjt - Dyjt .....Equation (3)

Where;

DYjt = Surplus (Deficit) for the local government j in year t

COFOjt = net cash outflow from operating activities of local government in year t j.

Third models, the expected accrual (EXPACCR) is the accrual estimates which uses a variant of *a cross-sectional study* of Jones model and modified Jones model (Dechow & Sweeney, 1995). This model has been widely used and tested for the private sector

(DeFond, 1994). From the private sector, they have also been used by Leone and Van Horn to detect management accounting figures in nonprofit hospitals US (Leone and Van Horn, 2005) using the following equation:

$$\frac{ACCRjt}{\text{TAjt}-1} = \square\frac{1}{TAjt-1} + \beta1(\frac{\square REVjt}{\text{TAjt}-1}) + \beta2(\frac{PPEjt}{\text{TAjt}-1}) + \text{Bjt}$$

or

$$\text{Bjt} = \frac{ACCRjt}{\text{TAjt}-1} - [\alpha\frac{1}{TAjt-1} + \beta1(\frac{\square REVjt}{\text{TAjt}-1}) + \beta2(\frac{PPEjt}{\text{TAjt}-1})]$$ .....Equation (4)

Where,

BJT = Level Discretionary accruals in the institution j year t

ACCRjt = Total accruals for local government j in year t

REVjt = Changes in revenues from local government j in year t,

PPEjt = Gross tangible fixed assets for local government j in year t, and

Tajt-1 = total assets for the local government j in year t

REVjt used as a control for normal levels of working capital accruals related to income from services, and PPE is a control variable for the normal level of amortization and depreciation expense accruals. This is consistent or inconsistent with previous literature, and to reduce the estimation problem, all variables are scaled by *lagged assets.*

The fourth models, we also estimate the expected accruals using the modified Jones model (Dechow & Sweeney, 1995). This model is a model for the control of management of abnormal earnings due to an increase in revenue, assuming that all changes to local government services which are credit or owed (giving rise to receivables for local governments) is for earnings management (figure ankuntansi) is. The equation used as a modified form of the equation jones is as follows:

$$\frac{ACCRjt}{\text{TAjt}-1} = \alpha(\frac{1}{TAjt-1}) + \beta1(\frac{\square REVjt}{\text{TAjt}-1} - \frac{\square ARjt}{\text{TAjt}-1}) + \beta2(\frac{PPEjt}{\text{TAjt}-1}) + \text{Bjt}$$

or

$$\text{Bjt} = \frac{ACCRjt}{\text{TAjt}-1} - [\alpha(\frac{1}{TAjt-1}) + \beta1(\frac{\square REVjt}{\text{TAjt}-1} - \frac{\square ARjt}{\text{TAjt}-1}) + \beta2(\frac{PPEjt}{\text{TAjt}-1})]$$ ..... Equation (5)

Where;

ARjt = Changes in receivables (debtors) to the local government j in year t.

Expected accrual respective Local Government entities obtained from the estimation model (equation [4] and [5]). Finally, the accrual abnormal (ABACCRjt) is calculated as in the formula above:

1. Accrual of abnormal positive (implying local government management strategy use diksresi accrual) which led to revenue increases, while the
2. accrual is not normal negative (implying local government management using a strategy of discretionary accruals) that cause revenue decreased.

To test the earnings management, regardless of whether local government entities follow the strategy of increasing revenue or decreasing revenues, we use the absolute abnormal accruals (Warfield & Wild, 1995).

Findings

Descriptive Statistics

Statistics deskriptive used to obtain a statistical overview of the research object used during the study. Results of *descriptive statistics* we can say as follows:

Table 1. **Descriptive Statistics**

No.	Model.	Variable	Mean	Std Deviation	Numbers
			DA,47,368,421,	2.064741605	18
1	Healy	TA	52,631,579	2.294157339	18
		NDA	27.02210526	34.854419866	18
		DA,		0698,16 572	18
2	Angelo	NDA1,		1027,15101,	18
		NDA2		1725,13307	18
		ACCRjt	2 , 47,703,036,109.200	4,53556493842,6328	18
3	Hribar	COFO	3,06009648394,289	4,20892775087,0401	18
		DY	5,8306612285,094 11,3059374839,4397	(Silpa)	18
		ACCR	1.1111	1.60473	18
		Taj	.0000	.00000	18
4	Jones	Drev	1.6111	1.33456	18
		PPE	8.2222	5.69371	18
		B	-1.0000	.34300	18
		Vac1	.11	.160	18
		Vas2	.00	.000	18
5	Modification	Vre3	.00	.000	18
		Var4	-.11	.471	18
		Var5	1:17	.383	18
		Vbj	-1.00	.343	18

Source: Data Processing - 2017

From the table above it appears there five models were used that Healy, De Angelo, Hribar, Jones and modification. Each using a number of different variables in accordance with the formulas used in each model. Healy Model, De Angelo and Hribar using three variables. This model was the first group. The second group of models jones using five variables. And the third group using a modification of jones with variable amounts of as much as 6 variables. The hope is to to use it three groups: from simple to complex research will more accurate and produce better research conclusions.

The results mean and standard deviation varies. This is understandable because each use different measuring units in various models used above. From the descriptive table above also obtained a description that all models use 18 research objects in the environment that

is the Local Government of South Sumatera that consist Provincial Government, Regencies Government and the Cities Government.

Reliability of Model

Reliability models is a test to see the ability of the model to describe the relationship between the dependent variable and the indpenden. By using ANOVA tables then we can compare the calculated value f and f table sert significant value. It uses the guidelines if F arithmetic > F table then interpreted models have the ability to explain the relationship between avariabel indpenden and dependent.

Our results associated with testing the reliability of the model (ANOVA table) we can pass on the following ANOVA table:

Table 2. **ANOVA**

Model		Sum of Squares	Df	Mean Square	F	Sig.	Dep	Pred
1.Healy	Regression	76.737	2	38.368	2788728836873577.500	Regression ,000[b,]	DA	NDA
	Residual	000	16	000				
	Total	76.737	18					
1. Angelo	Regression ,	467	2,	233	832,177.126,	000[b]	DA	NDA1, NDA 2
	Residual,	000	15	000				
	Total,	467	17					
3.Hribar	Regression	3497129382815977000000000,000	2		1748564691407988500000000,00.	.000[b]	ACC Rjt	DY (Silpa), COFO
	Residual,	000	15,	000				
	Total	3497129382815977000000000,000	17					
4.Jones	Regression ,	28.403	3	9.468	8.621	002[b]	ACC R	B, PPE, Drev
	Residual	15.375	14	1.098				
	Total	43.778	17					
5.Modified	Regression ,	304	3,	101	10.644,	001[b]	Vac1	Vbj, Var 4, Var 5
	Residual,	133	14	010				
	Total,	438	17					

Source: Data Processing - 2017

From the above table can we serve interpretation of the results obtained from the five models:

Model Healy has F value of 2,788,728,836,873,577 , 500 with a significance value of 0.00. If the value of K, NK or 18; 18-2 = 16. Then we find the value of F table, then F value of: 3.63. Thus F count > F table. So we can conclude the model can show the relationship between independent and dependent variables. F probability value is calculated from Healy models can also be seen from the significance of the above table. Sig value of 0.000 is smaller than 0.05 so that it can be concluded that the estimated linear regression model is used to explain the effect worthy of independent variables on the dependent variable.

Model De Angelo has a F value of 832,177.126 with a significance value of 0.00. If the value of K, NK or 18; 18-2 = 16. Then we find the value of F table, then F value of: 3.63. Thus F count > F table. So we can conclude the model can show the relationship between independent and dependent variables. F probability value is calculated from the model De Angelo also be seen from the significance of the above table. Sig value of 0.000 is smaller than 0.05 so that it can be concluded that the estimated linear regression model is used to explain the effect worthy of independent variables on the dependent variable.

Model Hribar has F value of 0 with a significance value of 0.00. If the value of K, NK or 18; 18-2 = 16. Then we find the value of F table, then F value of: 3.63. Thus the value of F arithmetic < F table. So we can conclude the model is not able to show the relationship between independent and dependent variables. F probability value is calculated from the model Hribar can also be seen from the significance of the above table. Sig value of 0.000 is smaller than 0.05 so that it can be concluded that the estimated linear regression model is used to explain the effect worthy of independent variables on the dependent variable.

Jones models have F value of 8.621with a significance value of 0.02. If the value of K, NK or 18; 18-4 = 14. Then we find the value of F table, then F value of: 3.11. Thus F count > F table. So we can conclude the model can show the relationship between independent and dependent variables. F probability value is calculated from the Jones model can also be seen from the significance of the above table. Sig value of 0.02 is smaller than 0.05 so that it can be concluded that the estimated linear regression model is used to explain the effect worthy of independent variables on the dependent variable.

Modified models have F value of 10.644 with a significance value of 0.01. If the value of K, NK or 18; 18-5 = 13. Then we find the value of F table, then F value of: 3.03. Thus F count > F table. So we can conclude the model can show the relationship between independent and dependent variables. F probability value is calculated from a model modification can also be seen from the significance of the above table. Sig value of 0.02 is smaller than 0.05 so that it can be concluded that the estimated linear regression model is used to explain the effect worthy of independent variables on the dependent variable.

Determination of Research Variables

The next test using the model output summary containing the explanatory value of Adjusted R Square or the determination of independent variable on the dependent variable. We use the adjusted value of r squares because the number of variables indpenden more than one. Adjusted R Square shows ability independent variables explain his relationship with the dependent variable. The overall results appear in Table 3.

From Table 3 appear the test results of the coefficient of determination showed the ability of independent variables to explain his relationship to the dependent variable:

Healy Model, test results show the value of adjusted R squarenya of 1,000 which means that the independent variable (NDA DA) capable explain relation to the dependent (TA) with the proportion of 100%. Relations with the proportion of the value of 100 can be regarded as a relationship that has the strength of a perfect relationship.

Model De Angelo, The test results demonstrate the value of adjusted R squarenya of 1,000 which means that the independent variable (NDA1, NDA2) capable explain relation to the dependent (DA) with the proportion of 100%. Relations with the proportion of the value of 100 can be regarded as a relationship that has the strength of a perfect relationship.

Model Hribar, test results show the value of adjusted R squarenya of 1,000 which means that the independent variable (COFO, DY-Silpa) capable explain relation to the dependent (Accrjt) with the proportion of 100%. Relations with the proportion of the value of 100 can be regarded as a relationship that has the strength of a perfect relationship.

Jones model, test results show the value of adjusted R squarenya of 0.574 which means that the independent variable (Taj, Drev, PPE, B) capable explain relation to the dependent (ACCR) with the proportion of 57.4%. Meanwhile 42.6% explained by other variables. Relationships with proportions percentage value ranging from 50's called a power relationship was.

Model modification, test results show the value of adjusted R squarenya of 0.630 which means that the independent variable (Vas2, Vre3, Var4, Var5, Vbj) capable explain relation to the dependent (Vac) with a proportion of 63%. Meanwhile 37% is explained by other variables. Relationships with proportions percentage value ranging from 60's are still said to have the power relationship was.

Table 3. **Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics	
					R Square Change	F Change
1.Healy	1,000[A]	1,000	1,000	1,18E-7	1,000	2771445924535682.000
2.Angelo	1,000[A,]	1,000	1,000	00053	1,000	832,177.126
3.Hribar	1,000[a]	1.000 7194.9923 1.000 33776997205278712.000				1.000
4.Jones,	805[a,]		649,574		1.04796,649,	8.621
5.Modified	834[a,]		695,630	.098,	695	10.644

Source: Data Processing - 2017

Model Intepretation

Research models question can be interpreted through coefficient value and slope direction (sign) resulting from the calculation of regression with SPSS 20. The variable coefficient value of each model is the value of the effect on the dependent variable. While the direction of influence is positive (+) means the same direction with the direction of the independent variable dependent variable and vice versa if it is negative (-). Table 4 shows coeficient calculation results with SPSS.

Based on Table 4, we can deliver an interpretation of the results of each model:

Model Healy, with the results described above, the regression equation becomes Y = 1,177 + 0,900X1-1,297X2 + e. Thus Healy models have a value of 1.177 and a variable constata NDA has a value of 0,900 and the DA has a value of -1.297. Constata value of 1.177 indicates the value TA of 1,177 without the influence of the NDA and DA. X1 coefficient value of 0,900 showed any increase in the value of 1 unit on the NDA variable (X1) will result in an increase TA (Y) amounted to 0,900 assuming ceteris paribus X2 value or zero (0). While the value of X2 coefficient -1.297 show any increase in the value of one unit in the variable Da (X2) will result in an increase TA (Y) of -1.297, assuming X1 is equal to zero or ceteris paribus. Koefisien on X1 has a positive slope (+) means directions X1

increment equal to Y or if x1 rises then Y rises. Instead coefficient X2 has a negative slope, meaning that the changes are the opposite direction or if X2 go down then Y will rise and vice versa. Thus, from the Healy model, it can be concluded that the NDA has a direction direction that is in line with DA whereas ND has an opposite direction relationship. In other words, this result shows that if non-discretional accruals increase or increase, then discretionary accruals are also greater. This is in line with Healy's research which summarizes total accruals as the sum of accrual discretion and non-discretionary accruals.

Table 4. **Coefficients**

Model		Coefficients[a] Unstandardized Coefficients		Coefficients Standardized	T	Sig.
		B	Std.Error	Beta		
1.Healy	(Constant)	1,177E-016,			000,000	1,000,
	NDA		900,000,	1,000	74,218,214.135	000
	DA-018,	-1,297E	000,		000,000	1,000
	(Constant),		000,000		-, 498	, 625
2.Angelo	NDA1	-,	999,001	-, 910		-1,110.876,000,
	NDA2		999,001,	803	979.818,	000
	(Constant),		005,		000.	,
3.Hribar	COFO	1,000,		000,	928.	,
	DY (Silpa)	-1.000,	000	-,	249.	
	(Constant)		-1.063,937,		-1.134	276
4.Jones	Drev,		926,222,	770		4.171,001,
	PPE		092,045,	327	2,030,	062
	B,		076,876,		016,087,	932
	(Constant)	-,	284,087		-3.266,	006
5.Modified	Var 4	-,	026,051	-, 077	-,	516,614
	Var	5,363,		070,867		5.215,000,
	Vbj		031,077,		067,405,	691

Source: Data Olah - 2017

Model De Angelo, with the results Described above, Becomes the regression equation Y = 0.000 - 0,999X1 + 0,999X2 + e. Thus, the models of De Angelo has a variable value NDA1 constata 0,000 and 0,999 and NDA2 value has a value of 0.999. 0,000 constata value shows the value of DA 0,000 without the influence of NDA1 and NDA2. X1 coefficient value of -0999 show any Increase in the value of 1 unit on NDA1 variable (X1) will result in increased DA (Y) of -0999 assuming ceteris paribus X2 value or zero (0). While the coefficient value of 0.99 X2 show any increase in the value of 1 unit on NDA2 variable (X2) will result in Increased DA (Y) amounted to 0,999, assuming X1 is equal to zero or seteris paribus. The coefficient on x1 have a negative slope (-) means increase in X1 is not the same direction (opposite direction) with Y or if X1 rises then Y down. Instead coefficient X2 has a positive slope (+), meaning that the direction of the changes are one-way, or if X2 go up then Y will rise and likewise if the opposite happens. Thus NDA 1 has the direction of the opposite direction with total accruals and total accruals have a direction that is in line with NDA2. This means NDA 1 (yearly average assets n1 divided by lag of assets) in the opposite direction to total accruals but in line with NDA 2 (average assets of year n-1 are divided by lags of assets). This is acceptable because of the data taken in 2014

and 2015. Year n-1 means 2014 and involves lag assets which require sharing with asset data in 2013. Data for 2013 has not been depreciated so that the direction of relations is different from the year that has implemented depreciation that is after 2015.

Model Hribar, with the results described above, the regression equation becomes Y = 0.005 + 1,000X1-1,000X2 + e. The Hribar models have a value of 0.005 and a variable constata COFO has a value of 1.000 and DY (Silpa) has a value of -1.000. Constata value of 0.005 indicates the value Accrjt 0,005 without the influence of COFO and DY. X1 coefficient value of 1,000 showed any increase in the value of one unit at COFO variable (X1) will result in an increase Accrjt (Y) of 1,000 assuming ceteris paribus X2 value or zero (0). While the value of X2 coefficient -1.000 show any increase in the value of one unit in the variable DY (X2) will result in an increase Accrjt (Y) of -1.000, assuming X1 is equal to zero or ceteris paribus. The coefficient on the X1 has a positive slope (+) means that the increase in the X1 direction together with Y or if X1 rises then Y rises. Instead coefficient X2 has a negative slope, meaning that the changes are the opposite direction or if X2 go down then Y will rise and vice versa. Thus COFO or cash flow from operating activities has a direction of direction that is in the same direction as total and opposite to the Regional Government Surplus (deficit). This is in line with Hribar's income from previous research.

Jones model, with the results described above, the regression equation becomes Y = -1.063 + 0,926X1 + 0,092X2 + 0,076X3 + e. The Jones model has a value of 1.063 and variable constata Drev (X1) has a value of 0, 926 and PPE (X2) has a value of 0.092, and the variable B (X3) has a value of 0.076. -1.063 constata value indicates the value of -1.063 Accrjt without the influence of variable Drev, PPE, and variable X1 B. coefficient of 0.926 indicates any increase in the value of 1 unit on Drev variable (X1) will result in an increase Accrjt (Y) of 0.926 with assuming the value of X2, and X3 ceteris paribus or zero (0). 0.092 coefficient value X2 sbesar show any increase in the value of 1 unit on the PPE variable (X2) will result in an increase Accrjt (Y) 0.092, assuming X1, and X3 equal to zero or ceteris paribus. While the value of the coefficient of 0.076 sbesar X3 show any increase in the value of one unit in the variable B (X3) will result in an increase Accrjt (Y) of 0.076, assuming X1 and X2 equal to zero or ceteris paribus. The coefficient on the value X4 (Taj) of 0.000. The coefficient on the X1, X2 and X3 has a positive slope (+) means the direction of the increase in X1, X2, X3 equals Y or if X1, X2, and X3 rides then Y rises. Instead coefficients X1, X2, X3 has a negative slope, then the direction of the change is decreased or jikaX1, X2, X3 rides then Y will rise and vice versa. Thus, total accruals have a direction in the direction of changes in Local Government Revenues, Amount of tangible assets of regional government and Levels or accrual level of local government financial statements. This is in line with Jone's income.

Model Modified, with the results described above, the regression equation becomes Y = -0,284-0,026X1-0,363X2 + 0,31X3 + e. Thus the modified model has a value of -0.284 and variable Var constata 4 (X1) has a value of -0.26, variable Var 5 (X2) has a value of -0.363, Vbj variable (X3) has a value of 0.31. While the value of the coefficient Vas (X4) of 0.000. -0.284 constata value indicates the value of -0.284 Vac without the influence of variable Var4, Var5, Vbj, and variable Vas. X1 coefficient value of 0.284 indicates each variable has increased the value of 1 unit on Var4 variable (X1) will result in an increase Vac (Y) of 0.284 assuming a value of X2, X3, and X4 ceteris paribus or zero (0). 0.026 coefficient value X2 sbesar show any increase in the value of one unit in the variable Var 5 (X2) will result in an increase Vac (Y) of 0.026, assuming X1, X3, and X4 is equal to zero or ceteris paribus. Coefficient of 0,363 sbesar X3 show any increase in the value of 1 unit on Vbj

variable (X3) will result in an increase Vac (Y) amounted to 0,031 assuming X1, X2, and X3 equal to zero or ceteris paribus. While the value of the coefficient Vas (X4) of 0.000. Thus, total accruals have a direction to the opposite direction to x1 (change in local government income), x2 (Changes in local government receivables) and x3 change in total tangible assets of regional government and direction with x4 (accrual level of local government financial statements). This is in line with the formulation of previous research, namely Jones modification.

Value of Discretion Accrual

Discretionary accruals value can be calculated by entering the data riel in each equation of each model used. This is to prove whether or not it is accrual discreation. Here are the results of calculation of each model:

Table 5**. The Results of Calculation of Each Model**

Local Government	Healy (%)	Local Government	De Angelo (%)	Local Government	Hribar (IDR)
Palembang	129.911	Pali	0.337	Prov. Sumsel	1,819,863,034,486
Pagar Alam	108.937	Banyuasin	0.223	Prabumulih	570 280 182 512
Lahat	44.936	Empat Lawang	0.191	Palembang	439 145 350 620
OKU	43.231	Ogan Ilir	0.166	Banyuasin	344 852 765 393
OKI	28.993	Lubuk Linggau	0,142	Muaraenim	322 892 007 676
Prabumulih	21.444	Banyuasin	0.129	Musi Rawas Utara	242 100 213 146
OKU Selatan	21.219	OKI	0.116	Lahat	208 491 782 490
Banyuasin	16.488	Musi Rawas	0.114	Pagar Alam	202 182 089 548
Muaraenim	14.672	OKU Timur	0.103	EmpatLawang	188 720 002 179
Banyuasin	14.411	Lahat	0.102	Musi Rawas	174 652 500 591
OKU Timur	11.681	OKU Selatan	0.093	OKI	171 857 521 685
Musi Rawas	11.187	Muaraenim	0,067	Pali	138 304 947 022
Empat Lawang	10.299	OKU	0.066	Oku Timur	134 445 323 900
Lubuk Linggau	9.620	Palembang	0.041	Lubuk Linggau	99 248.884.785
Musi Rawas Utara	7.488	Pagar Alam	(0,001)	Ogan Ilir	47,526,458,953
Ogan Ilir	4.332	Prov.Sumsel	(0.019)	OKU Selatan	(8649421814)
Pali	1.880	Prabumulih	(0.175)	Banyuasin	(149 293 295733)
Prov. Sumsel	1,690	Musi Rawas Utara	(0,439)	OKU	(487 965 697473)

The table above shows the first model group (Healy, de Angelo and Hribar) have the same results that have discretionary accruals. Value discretionary accruals there are positive and some negative. Value ranking of the content or value of discretionary accruals of each model is different. It shows the different variables used to produce a different content of discretionary accruals. It is different from the model the second group as in the following table:

Table 6. **The Results of Calculation of Each Model**

Local Government	Jones	Local Government	Modification
Banyuasin	(0.805)	Banyuasin	(0.805)
OKU	(0.950)	OKU	(0.950)
Palembang	(1,021)	Palembang	(1.023)
Muaraenim	(1,024)	Muaraenim	(1,024)
Pagar Alam	(1,053)	Pagar Alam	(1,038)
Ogan Ilir	(1.061)	Ogan Ilir	(1,064)
Banyuasin	(1.072)	Lahat	(1,118)
Lahat	(1,124)	Empat Lawang	(1,154)
Empat Lawang	(1,164)	OKI	(1,156)
OKI	(1,169)	Musi Rawas	(1.171)
Musi Rawas	(1,172)	Oku East	(1,227)
Oku East	(1,211)	Banyuasin	(1.292)
of South Sumatera Province	(1,269)	South Sumatera Province	(1,300)
Lubuk Linggau	(1,321)	Lubuk Linggau	(1,301)
Musi Rawas North	(1.380)	Musi Rawas North	(1.331)
OKU Selatan	(1.445)	OKU Selatan	(1,448)
Prabumulih	(1.822)	Prabumulih	(1,782)
Pali	(2,083)	Pali	(2,046)

From the above table it appears that the financial statements prepared by the local government there is the content discretionary accruals and value of discretionary accruals have the same pattern of each local government. Thus the order of the local government from the largest to the smallest have the same sequence. This happens because of the arrangement of the equation of the two models is similar (not much different).

Conclusion

The data processing that we do produces several conclusions. The conclusion that we can convey, among others, is that the Provincial, Regency and City Governments in the South Sumatra region have attempted to implement an accrual-based accounting system. This is evident from the availability of operational reports which are characteristic of the application of the accrual basis.

The regional government has exercised authority on the reporting aspects by conducting accrual-based accounting. This is not only evident from the equations we use that can detect discretionary accruals, it also appears from the sample studies of regional head regulations in various local governments which indicate discretionary accruals.

The regional government in this case the management of the local government applies legal accrual discretion. The Regional Government applies accrual-based accounting starting in

the fiscal year 2015. The government has compiled accounting manuals and accounting policies. Accounting policies compiled are guided by domestic ministerial regulations and government accounting standards. The very short span of time we believe that the regional government implements accruals is based on existing regulations not or not yet on other motives.

From the description of the discussion above it appears that with the calculation of total accruals from local government reports obtaining tangible results, the implication shows that discretionary accruals affect the remaining (less) calculation of local government budgets. This can be seen from the processing of data that reflects the occurrence of accrual discretion by using several models, namely Healy, De Angelo, Hribar, Jones and Modified Jones. Thus the hypothesis (H1) is accepted and rejects H0, which means that accruals have an effect on SILPA (SIKPA).

In addition, detailed conclusions were obtained regarding the direction of the variable relations of each model. The Healy model can show that the NDA has a direction direction that is in line with DA whereas ND has an opposite direction relationship. In other words, this result shows that if non-discretional accruals increase or increase, then discretionary accruals are also greater. This is in line with Healy's research which summarizes total accruals as the sum of accrual discretion and non-discretionary accruals.

Angelo's model shows that NDA 1 has the direction of the opposite direction with total accruals and total accruals have a direction that is in line with NDA2. This means NDA 1 (yearly average assets n1 divided by lag of assets) in the opposite direction to total accruals but in line with NDA 2 (average assets of year n-1 are divided by lags of assets). This is acceptable because of the data taken in 2014 and 2015. Year n-1 means 2014 and involves lag assets which require sharing with asset data in 2013. Data for 2013 has not been depreciated so that the direction of relations is different from the year that has implemented depreciation that is after 2015. The Hribar model shows that COFO or cash flow from operating activities has a direction of direction that is in line with the total being expressed and in the opposite direction to the Surplus (deficit) of the Regional Government. This is in line with Hribar's income from previous research.

The Jone model shows that total accruals have a directional direction in line with Changes in Local Government Revenues, Amounts of tangible fixed assets of local government and Levels or accrual level of local government financial statements. This is in line with Jone's income. In the last model, Jones modification shows that total accruals have a direction to the opposite direction to x1 (changes in local government income), x2 (Changes in local government receivables) and x3 changes in total tangible regional government assets and direction direction with x4 (levels of government financial statement accruals area). This is in line with the formulation of previous research, namely Jones modification.

Research Limitations

Our study has limitations, among others populations. The population that we use is still limited to one province. It cannot be generalized for the whole of Indonesia. We have limited data acquisition. The data is difficult to obtain and requires sufficient funding and time for data collection throughout Indonesia.

In addition, we have not done testing on earnings management aspects of the local government. It is true we can, but due to time constraints we have not tested the effect of discretionary accruals on the earnings management in local government.

Suggestions Future studies

We conducted experiments with the limitations that we have. further research should be able to apply more broadly in order to take decisions more widely or well above can be generalized to the results of research conducted.

We also suggested that further research can be conducted tests on earnings management of local government. This is important because of the distinct possibility of that.

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