

# REGIONAL FINANCIAL PERFORMANCE OF THE GOVERNMENT OF LEMBATA REGENCY BASED ON THE OPINION OF THE SUPREME AUDIT BOARD

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## ABSTRACT

Good and correct regional financial management will greatly affect the presentation of the financial statements and opinions of BPK RI. Therefore the goal to be achieved in this study is to determine the regional financial performance of the Lembata Regency government based on the opinion of the Supreme Audit Agency (BPK) using an analysis of effectiveness ratios, independence ratios, fiscal decentralization ratios, expenditure management ratios, harmony ratios, and growth ratios. based on timely reporting of financial reports. The type of data used is secondary data from BPK audit reports and financial reports of the Lembata district government for the 2017 to 2021 fiscal year. The results of this study indicate that the financial performance of the Lembata district government in general is still very poor. This is indicated by the high level of fiscal decentralization, the ratio of regional financial independence which is still very low, and the operational expenditure ratio which still dominates the capital expenditure ratio so that it has real implications for the minus value of regional financial performance. growth ratio in the analysis period.

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## 1. INTRODUCTION

The enactment of Law No. 23 of 2014 confirms that the Central Government gives full authority or broad autonomy through a mechanism for granting rights, powers and obligations to regulate government affairs including the interests of the community both in the fields of public administration, politics, the economy and regional financial management [1]. With the granting of regional autonomy, each regional head is required to be able to manage finances effectively and accountably [2]. The progress or failure of a region is largely determined by the ability and willingness of the local government to carry out regional autonomy properly. Regional governments can explore the advantages of their regions in the context of development in accordance with statutory provisions [3].

The financial performance factor is an important factor that needs serious attention in the implementation of regional autonomy. Performance measurement will provide feedback on plans that have been implemented [4]. Financial performance measurement can be used to help improve local government performance. Measurement of financial performance for the public interest can be used as an evaluation and restore performance by comparison of schemes and their implementation [5]. The Regional Revenue and Expenditure Budget (APBD) is a tool in determining income and expenditure, implementation of predetermined development plans. APBD planning as the embodiment of all government activities and activities requires active participation that accommodates various community aspirations so that they will reflect the real needs of the community. The community service program has been listed in the Regional Government Work Plan (RKPD) which has been prepared in each current budget year [6].

Lembata Regency is one of the regencies that has implemented regional autonomy on the basis of Law Number 23 of 2014 and Law Number 33 of 2004 as the foundations of regional government administration, with democratic principles, community participation, equity, justice and attention to regional potential and diversity. These laws and regulations demand a greater role for the legislature with a separate position from the executive, regional heads responsible to the DPRD and not to the president, as well as certainty that the implementation of government can be supervised by the community through

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the DPRD and BPK [7]. Sources of local government funds used to carry out government activities are obtained from various parties, both internal and external. Various parties that provide funds to local governments that are mandated by the community through the payment of taxes which are the main source of income from the regions demand that local governments must prepare and report accountability that must be published [8].

This expects accountability, transparency, and participation by local governments in reporting accountability in the form of financial reports [9]. Regional government financial reports are an illustration of the results of regional achievement performance for certain activities that use funds in the form of spending or financing as well as revenue funds received from regional original revenue (PAD), transfer funds, donations and balancing funds from the central government (Hopefully, 2020). Financial reports serve as information material in decision making by various interested parties. The large number of parties who require information on financial reports published by local governments requires the government to make good financial reports, both in terms of fair presentation and in accordance with applicable government accounting standards [6].

The development of the public sector in Indonesia today is marked by the strengthening of accountability demands for public institutions, both at the central and regional levels. Based on government regulation Number 12 of 2019 concerning Regional Financial Management Article 189 paragraph (1) requires regional governments to prepare accountability reports for the implementation of the Regional Revenue and Expenditure Budget (APBD) in the form of regional government financial reports (LKPD) and will later be submitted and examined by the Agency. Financial Auditor (BPK). BPK has the function of conducting audits of financial reports prepared by the regional government on the implementation of the running of government to assess the fairness of presentation, the level of materiality and even whether there is manipulation of financial data and compliance with applicable accounting standards [8].

Analysis of regional financial performance in local governments is important information, especially for making policies in managing regional finances in managing their finances. Besides that, financial performance measurement is also very important to assess the accountability of local governments in providing good services to the public. An area that has a good government system should periodically carry out accountability to the public and become an absolute necessity [4].

Accountability is one of the optimization efforts by carrying out Regional Development of Lembata Regency requiring financing with a fair, proportional, democratic, transparent and efficient financial distribution system. Funding for a region is obtained from the Regional Revenue and Expenditure Budget (APBD) which is prepared annually by the regional government and its work units to fulfill public services that will improve people's welfare. In accommodating requests for accountability from the public, local governments make financial reports on the budget that has been implemented annually. The financial reports prepared by the regional government are prepared based on accounting standards set by the government, namely Government Accounting Standards [11].

The Financial Audit Agency (BPK) carries out a financial audit, then the results of the BPK audit will issue an opinion or opinion which is a professional statement by the examiner on the audit of financial statements. Giving opinion by the Supreme Audit Agency (BPK) is divided into four opinions, namely Unqualified Opinion (WTP), Qualified With Exception (WDP), Unfair (TW), and not expressing opinion (TMP/Disclaimer). The purpose of the audit is to increase the weight of accountability for financial management carried out by the local government [12]. Furthermore, to get an overview of the budget and realization of local revenue for Lembata Regency, it can be seen in the following table.

**Table 1.** PAD Targets and Realization

Year	Locally-generated revenue	
	Target	Realization
2017	36,827,621,685	37,992,916,559
2018	48,341,360,073	42,882,808,398
2019	76,851,137,418	51,718,451,391
2020	68,930,578,565	44,244,016,164
2021	62,604,926,943	38,138,079,160

Source: Regional Financial and Asset Agency/ BKAD Lembata regency

From Table 1 it can be seen that the amount of budget realization during the analysis period (2017-2021) has not reached the set budget targets. This can be seen from the realization that the amount is smaller than the budget target based on the target table and budget realization from 2018-2020 through the results of auditing the financial reports of the Lembata Regency regional government, an opinion from the Audit Board of the Republic of Indonesia is needed on the Audit Report in order to be able to assess the financial performance of Lembata Regency which has positive or negative financial performance. This implies that the government's accountability for the implementation of the APBD for the last 5 years in the financial statements has materially been presented in accordance with Government Accounting Standards.

Good or bad financial performance reports of a region greatly affect the level of effectiveness of measuring the performance of financial reports from the Regional Government of Lembata Regency. Where the success of exploring and increasing the potential for regional revenue is also related to the ability of the region to finance its own government activities, development and services to the community originating from Regional Original Revenue and not through other sources, for example assistance from the central government, provinces or from loans. To get an overview of the independence of Lembata Regency, it can be seen in the following table;

**Table 2.** Regional Revenue Sources

Source of Regional Revenue				
Year	Regional Original Income (Rp)	Transfer Income and Balancing Funds	Legitimate Regional Income	Total Regional Revenue
2017	37,992,916,559	689,313,530,674	16,413,087,061	731,606,447,233
2018	42,882,808,398	609,846,592,558	14,216,720,000.00	793,953,759,022.73
2019	51,718,451,391	693,065,002,291	19,027.395.826.00	912,324,554,057.20
2020	44.244.016.164.15	762,825,458,318	34,126,355,995.00	841,195,830,447.96
2021	38.138.079.160.47	731,703,335,938	16,804,611,600.00	786,646,026,698.47

Source: Regional Financial and Asset Agency/ BKAD Lembata regency

Based on table 2, it is known that the amount of transfer revenue and balancing funds still dominates regional revenue compared to regional original income. This indicates the low independence of a district due to the Covid-19 pandemic where the high fiscal dependence of the local government of Lembata Regency on the central government for a period of 5 years. Where the amount of original regional income does not reach half of the total regional income. This is also one of the determining factors for the high and low performance of regional finances [13].

Therefore, regional governments are required to be able to manage their regional finances properly amid the COVID-19 pandemic in line with the enactment of regional autonomy and fiscal decentralization. Local governments must have the ability to manage their respective regional finances through the APBD as a policy instrument based on the data presented PAD revenues have decreased due to the COVID-19 pandemic [14]. So when compared and analyzed based on the opinion of the Supreme Audit Agency (BPK) before and after the Covid-19 pandemic. then you can find financial performance in 2020 and in 2021.

It is undeniable that during the Covid-19 pandemic the regional financial performance in Lembata Regency experienced a significant decline, so if there is a decline in regional financial performance, this means that the government as the owner of public policy authority is considered unsuccessful in raising the degree of community welfare through various management policies. budget in favor of the people [15]. Based on the phenomena described above, the purpose of this study is to determine the development of the financial performance of the local government of Lembata Regency based on the opinion of the Supreme Audit Agency proxied through the regional financial effectiveness ratio, trend of regional financial independence, and expenditure management ratio. Furthermore, the author also wants to know the development of regional financial performance in Lembata Regency based on the ratio of fiscal decentralization, growth ratio, and harmony ratio.

## 2. METHOD

This research is a quantitative descriptive research, where the writer wants to describe the results of data analysis numerically so that they are easy to interpret (Nalle, Panastuti, et al., 2022). The research *Regional Financial Performance Of The Government Of Lembata Regency Based On The Opinion Of The Supreme Audit Board. Enike Tje Yustin Dima, et.al*

was carried out in Lembata Regency which was carried out for six months starting from February to July 2023. For analysis purposes, the type of data in this study is secondary data obtained from search results on the link to the Central Bureau of Statistics for Lembata Regency. Some of the data needed is related to the measurement of regional financial performance variables, including the structure of regional income and expenditure such as regional original income, balancing funds, capital expenditures and operational expenditures during the year of observation (2017=2021).

The financial ratio analysis used is based on financial realization data sourced from the 2017-2021 Lembata Regency government APBD using regional financial performance measurements according to Mahmudi ([17]:

- 1). Regional Financial Effectiveness Ratio  

$$EKD = \frac{\text{realisasi penerimaan PAD}}{\text{target penerimaan PAD berdasarkan potensi rill}} \times 100\%$$
- 2). Regional Financial Independence Ratio  

$$KKD = \frac{\text{pendapatan asli daerah}}{\text{bantuan pusat+propinsi+pinajaman}} \times 100\%$$
- 3). Fiscal Decentralization Trend Ratio  

$$\text{Fiscal decentralization} = \frac{\text{total pendapatan asli daerah}}{\text{total pendapatan daerah}} \times 100\%$$
- 4). Expenditure Management Ratio  

$$\text{Expenditure management ratio} = \frac{\text{total pendapatan}}{\text{total belanja}} \times 100\%$$
- 5). Compatibility Ratio  
 Harmony ratio of capital expenditure to total spending  

$$= 100\% \frac{\text{realisasi belanja modal}}{\text{total belanja}} \times$$
  
 Direct spending compatibility ratio to total spending  

$$= \frac{\text{realisasi belanja langsung}}{\text{total belanja}} \times 100\%$$
- 6). Growth Ratio
  - a. PAD Growth Ratio  

$$PAD = \frac{PAD\ t - PAD\ tahun\ t-1}{PAD\ tahun\ t-1} \times 100\%$$
  - b. Opinion Growth Ratio  

$$\text{Revenue} = \times 100\% \frac{\text{pendapatan tahun } t-1}{\text{pendapatan tahun } t-1}$$
  - c. Spending Growth Ratio  

$$\text{Shopping} = \frac{\text{Belanja tahun} - \text{belanja tahun } t-1}{\text{belanja tahun } t-1}$$

From the results of data analysis using the regional financial performance measurement method, it will be followed by an appropriate policy analysis based on a qualitative approach from a literature review that is relevant to the issues raised in this study.

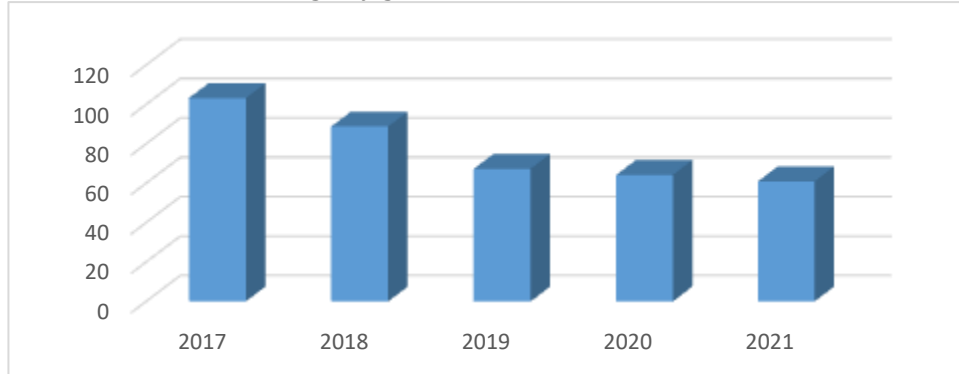
### 3. RESULT AND DISCUSSION

#### The Development of Regional Financial Performance in Lembata Regency

The development of financial performance of Government Accounting Standards, Regional Government Financial Statements is a structured report regarding the financial position and transactions carried out by a reporting entity, namely the regional government. Regional Financial Reports must be submitted periodically by each regional government, both at the provincial, district and city levels as a form of accountability report. Based on the Financial Reports that have been published by the government, it is necessary to evaluate the performance of the Financial Statements by the relevant agencies and the public. One of the performance appraisals can be seen from the Budget Realization Report [18]. This analysis is suitable for analyzing the Budget Realization Report because it can measure the use of the budget effectively, economically and efficiently. Based on the results of the analysis that has been carried out later, the financial performance of the Financial Services Agency and Regional Assets based on ratio analysis in the 2017-2021 Budget Realization Report can be identified.

**Regional Financial Effectiveness Ratio**

The effectiveness ratio can be calculated by comparing the actual receipt of local revenue with the target of regional revenue based on the real potential of the region. The magnitude of the regional financial effectiveness of the Lembata Regency government in 2017-2021 is as follows;



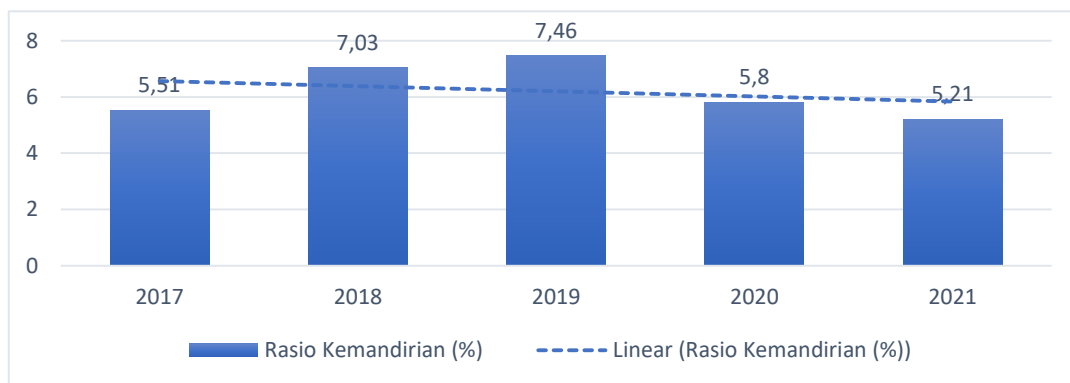
**Figure 1.** Effectiveness Ratio of PAD Targets and PAD Realization Lembata Regency for the 2017-2021 Fiscal Year

Source: Secondary Data (Processed, 2023)

From the graph above, it can be seen that the magnitude of the regional financial effectiveness of the Lembata Regency government has increased and decreased. However, on average, the effectiveness ratio during 2017-2021 was less effective with an average presentation of 73.23 percent. This decline was caused by political intervention in development planning which was still very strong and programs and activities between SKPDs did not yet reflect potential integration so that Regional Original Revenues had not been fully optimized to increase PAD and in 2021 it was due to the limited number and capacity of human resources (HR). to manage and carry out activities caused by the covid-19 pandemic. As can be seen in the table of regional financial effectiveness criteria where an average presentation of below 100 percent is a less effective criterion. This condition indicates that there are real efforts being made by the Government of Lembata Regency to increase its Local Own Revenue through efforts to intensify and extensify PAD sources.

**Regional financial independence ratio**

The ratio of regional financial independence can be calculated by comparing regional original income with transfer income and mentoring funds from the center, provinces and loans. The magnitude of the Lembata Regency independence ratio can be seen in the following table:



**Figure 2.** Regional Financial Independence Ratio PAD and Transfer Income Lembata Regency for the 2017-2021 Fiscal Year

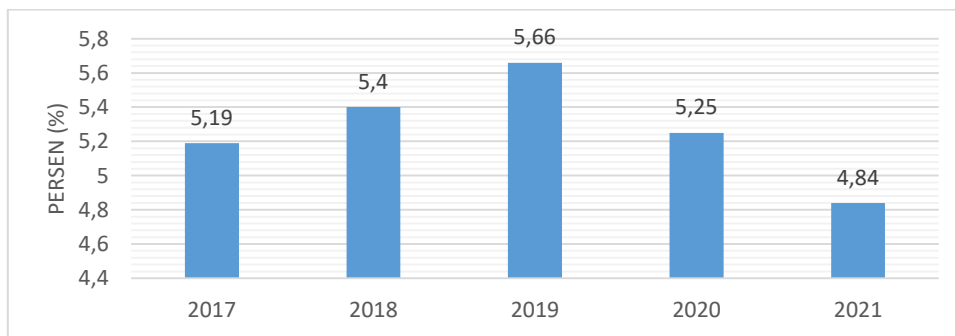
Source: Secondary Data (Processed, 2023)

From the graphic image above, it can be seen that the average regional financial independence of Lembata Regency for the period 2017 to 2021 is at an average percentage of 6.16%, categorized very low according to the criteria for the level of regional financial independence. The lower the level of

independence ratio means that the level of regional dependence to central government assistance is increasing. This shows the low level of financial capability in Lembata district in self-financing governmental activities, development, and services to the community. According to Harahap, (2020), the higher the ratio of independence means that the level of dependence on external parties (especially the central and provincial) is increasing. low,

**Fiscal Decentralization Ratio**

The fiscal decentralization ratio shows that the contribution of local revenue is to total regional income. The potential for regional original income has not been fully optimized to increase PAD. In general, the higher the Fiscal Decentralization Degree Interval scale means the higher the level of regional financial capacity to finance regional development. And conversely, the lower the Fiscal Decentralization Degree Interval Scale means the lower the regional financial capacity to finance regional development. The following is a way to find out the magnitude of the fiscal decentralization ratio of the Lembata Regency government, which can be seen in the following table:

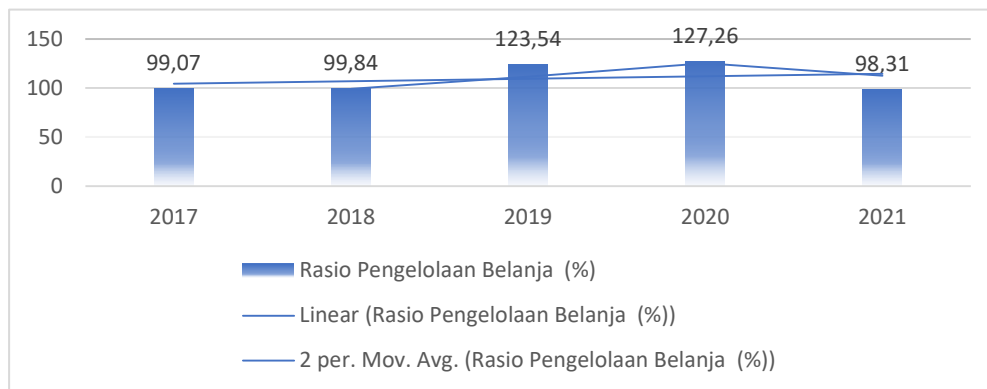


**Figure 3.** Ratio of Fiscal Decentralization of PAD to Total PD  
Lembata Regency for the 2017-2021 Fiscal Year  
Source: Secondary Data (Processed, 2023)

Based on the graph of the ratio of fiscal decentralization to Lembata Regency for the period 2017-2021 it is categorized as very low. This is in accordance with the criteria for the ratio of fiscal decentralization, the average ratio for Lembata Regency is only 6.40%, which is very low because it is below the presentation of 10%. So that the percentage obtained from the calculation results of this study can explain the extent to which Lembata district's PAD is able to contribute to the realization of regional revenues every year based on the original financial sources from the description above, it is hoped that it can seek to increase regional original income so that it can reduce transfer revenue receipts from the central and provincial governments. Thus it becomes the hope of regional original income as the main source of the region in financing regional operational activities

**The Development of Regional Financial Performance of Lembata Regency Based on Conformity Ratio, Growth Ratio, and Expenditure Management Ratio**

**Expenditure Management Ratio**  
Expenditure management ratios show that spending activities carried out by local governments have positive equity between periods, i.e. spending is not greater than the total revenue received by local governments [19]. This ratio indicates a surplus or deficit in the budget. The following is the result of calculating the financial performance expenditure management ratio for the 2017-2021 fiscal year:



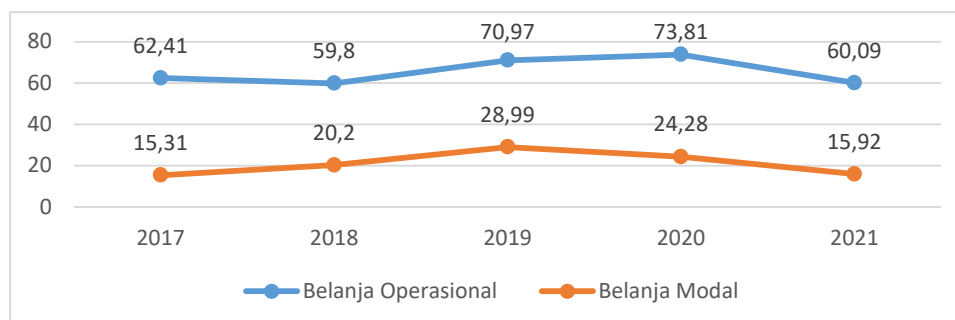
**Figure 4.** Ratio of Expenditure Management to Total Revenue to Total Expenditure FY 2017-2021 Kab. Lembata

Source: Secondary Data (Processed, 2023)

From the calculation of the expenditure management ratio above, it can be seen that the best expenditure management performance is in 2020 which shows a surplus in 2020 of IDR 180,240,649,573.74 compared to 2017 and 2021 which experienced a budget deficit, namely in 2017 as much as IDR 6,838,113,026.38 and in 2021 it will be 13,510,570,977.56. This is due to the increased realization of revenue from the Lembata Regency government in 2020 such as PAD and DAK. Compared to the previous year, Lembata Regency's PAD experienced a fairly high increase from 2017-2019, but in 2020 and 2021 the PAD of Lembata Regency has decreased significantly. This has caused an increase in income, accompanied by the ability of the Lembata Regency government to suppress the realization of spending, whereby the overall realization of spending has not reached the planned target. So that the total expenditure of the Lembata Regency government is higher than the total income.

#### Compatibility Ratio

The compatibility ratio used in the research on the regional finances of Lembata Regency is the calculation of the operational expenditure ratio and the capital expenditure ratio. The operational expenditure ratio is a comparison between operational expenditure capital and total regional expenditure [20]. The results of this calculation can provide information on how large a portion is allocated by the government for operational spending. The following shows the results of calculating the ratio of operational expenditure and capital expenditure for Lembata Regency for the 2017 to 2021 fiscal years:



**Figure 5.** Regional Expenditure Ratio Operation Expenditure To Total Expenditure Lembata Regency for the 2017-2021 Fiscal Year

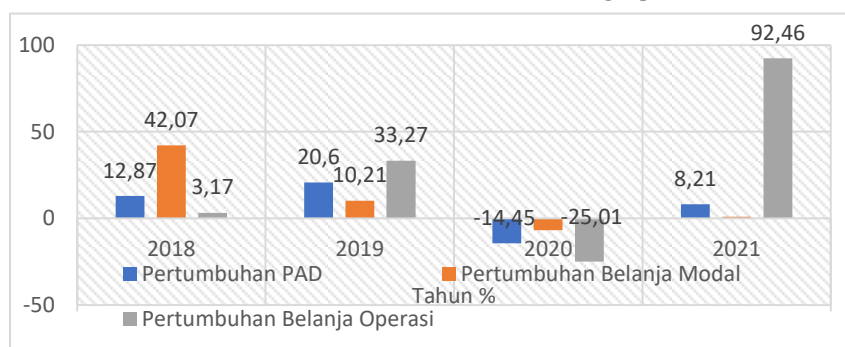
Source: Secondary Data (Processed, 2023)

Based on chart 5 above, the results of the ratio of compatibility of operating expenses fluctuate or fluctuate. The percentage ratio shows fluctuating conditions or up and down where this is due to the large total expenditure compared to operating expenditure from Lembata district. However, in 2020 the percentage of operational expenditure has decreased due to the Covid-19 pandemic, so that part of the budget from the central government has been cut, which affects the regional income and expenditure of a district. to fund the day-to-day government every year.

On the other hand, for the calculation of the capital expenditure ratio, it can be said that the average compatibility ratio for the Lembata Regency government's capital expenditure for the 2017-2021 fiscal year is 20.77%. 2019 is the highest level of compatibility ratio compared to those five years, while 2017 is the lowest level of capital expenditure ratio because it is below 20%. The capital expenditure compatibility ratio fell again in 2020 from 2019, and in 2021 again decreased by 8.36%. Seeing the calculation of this ratio, in allocating funds for capital expenditure, Lembata Regency experienced fluctuations, namely developments up and down. This condition is the result of the realization of Regional Original Revenue that is not optimal to meet regional expenditure needs, in addition to setting PAD targets that are irrational. capital that is equal to 5-20%. Lembata Regency is already in this position and has even had a capital expenditure ratio of more than 20% for several years.

### Growth Ratio

The growth ratio measures how much the Regional Government's ability to maintain and increase the success that has been achieved from the next period both from sources of income and expenditure. The results of the calculation of the Growth Ratio can be seen in the graph below:



**Figure 6.** Growth Ratio in PAD, Operating Expenditure, and Capital Expenditure of Lembata Regency for Fiscal Year 2017-2021

Source: Secondary Data (Processed, 2023)

Based on calculations on the growth ratio of Realized Regional Original Income (PAD) it can be seen that the growth of PAD itself experiences ups and downs or fluctuations from 2017 to 2021 in Lembata Regency. When viewed from year to year developments that always experience changes in the realization of Regional Original Income, it can be said that the growth ratio of Regional Original Revenue (PAD) of Lembata Regency has experienced negative growth. In 2018 it grew by 12.87%, in 2019 it was 20.60%, but in 2020 financial performance experienced negative growth to -14.45% and continued to decline in 2021 by 8.21%.

The development of the ratio of growth in operating expenditure has increased and decreased. In 2018 it grew 3.17%, and in 2019 it increased to 10.21%. However, in 2020 it decreased again by -6.90% and continued in 2021 which experienced a decrease in the operating expenditure ratio of 0.85%. Meanwhile, the capital expenditure growth ratio has increased and decreased and tends to fluctuate. In 2018 it experienced a growth of 42.07%. This is a less significant growth, then in 2019 it fell to 33.27%. In 2020 the capital expenditure ratio growth is -25.01% and in 2021 it will increase to 92.46%. When viewed from the development of the growth ratio of operating expenditures and capital expenditures tends to fluctuate. The proportion of capital expenditure is still smaller than the total operating expenditure. The Lembata Regency Government should allocate more funds for capital expenditure so that development in the area can be more optimal [21].

### Discussion

This is because the 2017-2021 fiscal year has the results of calculating criteria which show that the average activity of the Lembata district's financial performance is below a 100 percent presentation which shows that the financial reports of Lembata District still have weaknesses in significant internal control over processes. administration and the government's ability to suppress expenditure realization have not reached the target so that total spending is higher than total income and presentation of fixed assets. So that from the results of the financial reports carried out by the Regional Asset Finance Agency for the 2017-2021 fiscal year through the Audit Results Report (LHP) by the BPK it was not possible to

obtain sufficient and appropriate audit evidence on income and expenditure from the Audit Results Report on the Financial Statements.

Lembata Regency obtained a Qualified Opinion (WDP) from the BPK Audit Report according to BPK's opinion. Although based on calculations using ratio analysis there have been several years of financial performance that are still ineffective on regional revenues or expenditures which still have a very low percentage of below 10 percent, this has no effect on the BPK Audit Report except for the impact of the matters described in the basic paragraph unqualified opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Government of Lembata Regency, and budget realization, changes in excess budget balances, operations, cash flows, and changes in equity for each year in accordance with the Standards Government Accounting. However, there are still many cases of SPI ineffectiveness with the highest findings, namely, weaknesses in the control system for the implementation of the regional revenue and expenditure budget. Whereas in 2020-2021 on the basis of the Audit Results Report by the Lembata Regency BPK obtained a Unqualified Opinion (WTP) given if in all material respects, the financial reports comply with the applicable financial accounting standards even though the Lembata Regency government's financial performance still contains several years that have less effective financial performance or growth in spending, income and the economy is relatively low. Thus the results of the analysis, information and facts show and prove that there is a positive and logical relationship between financial management performance (X) and BPK's LHP Opinion (Y), with the conclusion that if the Financial Performance of an area is in a good or very good category from the perspective of the analysis of regional financial reports, then it is very likely to get an Unqualified Opinion (WTP) or Qualified Opinion (WDP) BPK Opinion assessment as long as casuistic matters do not occur and has the potential to harm the State or Region. The results of this study are in line with the research conducted by Nadzif & Agung Durya, (2022) which reveals that audit quality is the most important variable in influencing audit opinion in companies.

This is in accordance with the results of research from Herawati, (2019) which states that, the results of the author's analysis of the financial reports of the Palopo City Government for 2010-2014 for the 7 variables observed namely; spending effectiveness (X1), PAD effectiveness (X2), spending efficiency (X3), spending growth (X4), PAD growth (X5), spending alignment (X6), spending independence (X7), the result is that the government's financial management performance The City of Palopo experienced a significant increase, from a not-so-good condition in 2010 to very good in 2014. Furthermore, when compared with the LHP-BPK Opinion in 2010 disclaimer, 2011 disclaimer, 2012 WDP, 2013 disclaimer and 20014 WDP, it can be seen that there were three years (in 2010, 2012 and 2014) show a unidirectional or positive relationship and two years (2011 and 2013) show a non-unidirectional or negative relationship. Thus based on the results of the analysis concluded that; there is a positive and logical relationship between the Performance of Regional Financial Managers (X) and the Opinion of the BPK Audit Report (Y). Thus the SKPD Leaders in carrying out their main tasks, Vision and Mission are not too focused and oriented on how to obtain WDP or WTP opinions, but the most important thing is how to improve the performance of regional financial management, because with good performance, there will be an opportunity or potential for the government area to obtain a good Opinion (WDP, WTP) from the Auditor Thus based on the results of the analysis concluded that; there is a positive and logical relationship between the Performance of Regional Financial Managers (X) and the Opinion of the BPK Audit Report (Y). Thus the SKPD Leaders in carrying out their main tasks, Vision and Mission are not too focused and oriented on how to obtain WDP or WTP opinions, but the most important thing is how to improve the performance of regional financial management, because with good performance, there will be an opportunity or potential for the government area to obtain a good Opinion (WDP, WTP) from the Auditor Thus based on the results of the analysis concluded that; there is a positive and logical relationship between the Performance of Regional Financial Managers (X) and the Opinion of the BPK Audit Report (Y). Thus the SKPD Leaders in carrying out their main tasks, Vision and Mission are not too focused and oriented on how to obtain WDP or WTP opinions, but the most important thing is how to improve the performance of regional financial management, because with good performance, there will be an opportunity or potential for the government area to obtain a good Opinion (WDP, WTP) from the Auditor [23].

#### 4. CONCLUSION

Based on the results of data analysis, several important things were found that can be used as a reference for the local government of Lembata Regency in evaluating strategic policies in an effort to support improving regional financial performance, among others: Measurement of the degree of fiscal decentralization which is still relatively low, High dependency ratio, level of financial independence low regional financial effectiveness ratio, ratio of government expenditure management which is still experiencing a deficit, and the level of regional financial harmony which is classified as low due to the dominance of the portion of operational expenditure whose value is far greater than capital expenditure for priority public services and development regional infrastructure. So that the Lembata Regency Government is required to be able to optimize all potential revenues it has in order to increase Regional Original Income.

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