



COMPARATIVE ANALYSIS OF THE DISCLOSURE INDEX IN THE NOTES TO THE FINANCIAL STATEMENTS OF CENTRAL TAPANULI REGENCY FOR FISCAL YEARS 2023–2024

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<p>Info Article</p> <p>Received : 03 Maret 2025</p> <p>Revised : 02 April 2025</p> <p>Accepted : 01 Mei 2025</p> <p>Publication : 31 Mei 2025</p> <hr/> <p>Keywords: <i>Disclosure Index, Notes To The Financial Statements, Government Accounting Standards, Transparency, Central Tapanuli Regency</i></p> <p>Kata Kunci: Indeks Pengungkapan, Catatan atas Laporan Keuangan, Standar Akuntansi Pemerintahan, Transparansi, Kabupaten Tapanuli Tengah.</p> <hr/> <p>Licensed Under a Creative Commons Attribution 4.0 International License</p> 	<p>Abstract: <i>The title of this study is Comparative Analysis of the Disclosure Index in the Notes to the Financial Statements of Central Tapanuli Regency for Fiscal Years 2023–2024. This study aims to analyze and compare the level of disclosure presented in the Notes to the Financial Statements (CaLK) of Central Tapanuli Regency for the fiscal years 2023 and 2024. The research applies a disclosure index method based on the Government Accounting Standards (SAP) as stipulated in Government Regulation No. 71 of 2010. Each mandatory disclosure item was assessed using a binary scoring system, where a score of 1 was assigned if the item was disclosed and 0 if not. The index was then calculated to determine the overall level of compliance and transparency. The findings are expected to reveal whether there has been an improvement in the quality and completeness of disclosures over the two-year period. This study contributes to the literature on public sector financial reporting by providing empirical evidence on the transparency and accountability of local government financial statements, with a specific focus on Central Tapanuli Regency. The results may also serve as input for local governments in enhancing the quality of their financial reporting practices.</i></p> <p>Abstrak: Penelitian ini berjudul Analisis Komparatif Indeks Pengungkapan Dalam Catatan Atas Laporan Keuangan Kabupaten Tapanuli Tengah Tahun Anggaran 2023–2024. Penelitian ini bertujuan untuk menganalisis dan membandingkan tingkat pengungkapan yang disajikan dalam Catatan atas Laporan Keuangan (CaLK) Kabupaten Tapanuli Tengah untuk tahun anggaran 2023 dan 2024. Penelitian ini menggunakan metode indeks pengungkapan berdasarkan Standar Akuntansi Pemerintahan (SAP) sebagaimana diatur dalam Peraturan Pemerintah No. 71 Tahun 2010. Setiap item pengungkapan wajib dinilai dengan sistem penilaian biner, yaitu diberi skor 1 jika item tersebut diungkapkan dan 0 jika tidak. Indeks kemudian dihitung untuk menentukan tingkat kepatuhan dan transparansi secara keseluruhan. Temuan penelitian ini diharapkan dapat menunjukkan apakah telah terjadi peningkatan kualitas dan kelengkapan pengungkapan selama periode dua tahun tersebut. Penelitian ini berkontribusi pada literatur pelaporan keuangan sektor publik dengan memberikan bukti empiris mengenai transparansi dan akuntabilitas laporan keuangan pemerintah daerah, dengan fokus khusus pada Kabupaten Tapanuli Tengah. Hasil penelitian ini juga dapat menjadi masukan bagi pemerintah daerah dalam meningkatkan kualitas praktik pelaporan keuangan mereka.</p>
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INTRODUCTION

Financial statements serve as an essential medium of accountability and transparency for public sector institutions. They are not merely technical documents containing numbers, but rather a comprehensive representation of how public resources are planned, allocated, and utilized by government entities. For local governments in particular, financial statements function as a communication tool between the government and the public, ensuring that citizens can monitor and evaluate whether public funds are managed responsibly, efficiently, and in accordance with applicable regulations (Agustinus Wardi & Galuh Aninditiah, 2024). In the Indonesian context, the obligation to prepare and publish financial reports is explicitly mandated by Government Regulation (Peraturan Pemerintah) No. 71 of 2010 on Government Accounting Standards (Standar Akuntansi Pemerintahan/SAP). This regulation establishes a uniform framework for financial reporting across all levels of government—central, provincial, and regency/municipality. By enforcing the adoption of accrual-based accounting, SAP aims to improve the reliability, comparability, and comprehensiveness of financial statements in the public sector. The ultimate goal is to strengthen public trust through enhanced transparency and accountability in financial governance (Indriani et al., 2018).

Among the components of government financial statements, the Notes to the Financial Statements (Catatan atas Laporan Keuangan or CaLK) occupy a central and indispensable role. While the core financial reports—such as the Budget Realization Report, Balance Sheet, Statement of Cash Flow, and Operational Statement—present quantitative figures, these numbers alone are often insufficient to provide a full understanding of the financial condition and performance of a government entity (nathan, 2024). CaLK addresses this gap by offering detailed explanations, narrative descriptions, and contextual information that clarify the meaning and implications of the reported figures. For example, CaLK may explain accounting policies, disclose contingent liabilities, describe commitments, provide details of asset management, and elaborate on unusual transactions that significantly affect the financial position of a local government. Without adequate and transparent CaLK, stakeholders such as legislators, auditors, policymakers, and the general public may find it challenging to interpret the financial statements accurately. Numerical data in isolation may obscure important realities—such as the sustainability of debt, the efficiency of budget execution, or compliance with legal and regulatory requirements. In contrast,

comprehensive disclosures in CaLK transform the financial statements from a mere record of transactions into a meaningful instrument of public accountability. They allow stakeholders to understand not only “what” the numbers represent, but also “why” certain financial decisions were made and “how” they align with broader governance objectives (Budding et al., 2014).

The importance of CaLK lies in its function as a bridge between technical financial figures and public understanding. While the core statements present numerical data, CaLK provides the narratives and detailed explanations that make these numbers meaningful. Through these notes, stakeholders such as the public, policymakers, auditors, and oversight bodies can obtain a clearer picture of how resources are managed, what assumptions underlie financial policies, and what risks or commitments may affect the government’s fiscal position (Barker, 2025). Complete and consistent disclosures not only enhance the usability of financial reports but also reinforce the principles of transparency, accountability, and good governance. Conversely, incomplete or inconsistent disclosures may weaken public trust, limit citizen participation in monitoring government performance, and even obscure potential financial risks that local governments face.

Previous studies on local government financial reporting in Indonesia have generally revealed variations in the quality of disclosure across regions. Some local governments have successfully met the disclosure standards outlined in SAP, while others demonstrate gaps in compliance. This variation may stem from differences in institutional capacity, human resources, internal control mechanisms, or political commitment to transparency. For this reason, evaluating the extent of disclosure in CaLK is not only an academic exercise but also an urgent practical necessity for assessing the performance of local financial management (Inata et al., 2022).

Central Tapanuli Regency (*Kabupaten Tapanuli Tengah*), located in North Sumatra Province, represents one of the regional governments in Indonesia that annually issues its financial statements, including CaLK (Wikipedia Contributors, 2025). As with other regions, the financial reports of Central Tapanuli Regency are expected to comply with the Government Accounting Standards to ensure credibility, reliability, and transparency. However, despite the availability of these reports, limited scholarly attention has been directed toward analyzing the quality of disclosure in this particular regency. Most existing research tends to focus on more prominent regions or broader comparative studies, leaving a gap in the literature regarding the financial

disclosure practices of Central Tapanuli (Dinas Kominfo Tapanuli Utara, 2018). This paper is designed to address that gap by conducting a comparative analysis of the disclosure index in the Notes to the Financial Statements of Central Tapanuli Regency for fiscal years 2023 and 2024. The disclosure index method employs a binary scoring system—assigning a score of 1 if an item is disclosed and 0 if it is not—to evaluate the completeness and compliance of CaLK with SAP requirements (Heri Faisal Harahap, 2020). By comparing two consecutive years, this research aims to reveal whether there has been an improvement, stagnation, or decline in the quality of disclosures. Such a comparative perspective is valuable in identifying trends, consistency, and potential weaknesses in financial reporting practices.

The significance of this study lies in its dual contribution: theoretically, it enriches the discourse on public sector financial reporting and disclosure practices in Indonesia by providing empirical evidence from a relatively under-researched local government; practically, it offers input and recommendations for the Central Tapanuli Regency Government in enhancing the quality of their financial reports, thus strengthening transparency and public accountability. Ultimately, the findings of this study are expected to not only shed light on the financial disclosure practices in Central Tapanuli Regency but also to serve as a benchmark for other regional governments in striving for better financial governance.

LITERATURE REVIEW

Government Financial Reporting and Accountability

Financial reports play a fundamental role in promoting accountability in the management of public resources. Beyond serving as a tool for internal decision-making, these reports provide essential transparency to a wide range of stakeholders, including citizens, oversight institutions, policymakers, and auditors. By making detailed financial information accessible, these reports allow stakeholders to monitor and evaluate how government activities are planned, executed, and managed, ensuring that public resources are used effectively and responsibly.

High-quality financial reporting enables a comprehensive assessment of the collection, allocation, and utilization of public funds, allowing stakeholders to identify inefficiencies, track budget implementation, and evaluate the performance of government programs. Moreover, transparency in financial reporting fosters public trust, as citizens can see the rationale behind financial decisions and the outcomes of government

spending. In the context of local government operations, such as those in Central Tapanuli Regency, reliable and well-structured financial reports not only enhance governance but also strengthen the legitimacy and credibility of government institutions, promoting a culture of accountability and responsible fiscal management (None Badewin et al., 2025).

In Indonesia, regional governments are legally required to prepare and publish annual financial reports in accordance with Government Regulation No. 71 of 2010 on Government Accounting Standards (SAP). This regulation establishes a standardized framework for local government accounting, requiring the adoption of accrual-based reporting to ensure accuracy, comparability, and comprehensiveness across all regions. Under SAP, local governments must prepare several components of financial statements, including the Budget Realization Report, Balance Sheet, Operational Report, Cash Flow Statement, and Notes to the Financial Statements (CaLK).

Each component has a distinct function: the Budget Realization Report monitors the execution of approved budgets; the Balance Sheet presents the government's assets, liabilities, and equity; the Operational Report reflects financial performance; the Cash Flow Statement details cash inflows and outflows; and CaLK provides additional explanations, accounting policies, and contextual information that enhance understanding and interpretation of the core financial statements (Darwin et al., 2024).

The Notes to the Financial Statements (CaLK) are essential for translating complex financial data into understandable information for stakeholders. Without these notes, figures in the main reports may be unclear, limiting accountability and public trust. High-quality reporting that is complete, relevant, reliable, and understandable allows stakeholders to evaluate government performance and make informed decisions regarding public resource management (Skerritt, 2024; Hood, 1991; Rochman Marota & Razana Juhaida Johari, 2024).

The Role of Notes to the Financial Statements (CaLK)

The Notes to the Financial Statements (CaLK) play a strategic and indispensable role in government financial reporting, functioning as a critical bridge between the technical numerical data presented in core financial statements and the understanding of various stakeholders. These notes provide comprehensive explanations regarding the accounting policies adopted by the government, clarify the details of specific items such as assets, liabilities, revenues, and expenditures, and offer essential contextual

information that allows users to interpret financial statements accurately. Beyond merely presenting numbers, CaLK helps stakeholders understand the assumptions, methodologies, and professional judgments applied during the preparation of financial reports, making it possible to discern the rationale behind financial decisions and resource allocations. By elucidating complex transactions, disclosing contingent liabilities, and highlighting financial commitments, CaLK enhances the transparency, reliability, and credibility of government financial reporting.

Moreover, these notes serve as a practical tool for auditors, policymakers, and citizens to evaluate fiscal performance, assess compliance with accounting standards, and hold government institutions accountable for the management of public resources. In this way, CaLK not only complements core financial statements but also strengthens the overall governance framework, promoting informed decision-making and fostering public trust in government operations (Kaur et al., 2025).

The quality and completeness of CaLK are crucial because stakeholders—including the public, policymakers, auditors, and oversight bodies—rely on these disclosures to evaluate the financial performance, fiscal health, and management effectiveness of local governments. Without detailed and transparent notes, the raw figures in the main reports may be misleading or open to misinterpretation, reducing the practical usefulness of financial reporting. Furthermore, CaLK functions as a key instrument for fiscal accountability.

Insufficient disclosure in CaLK limits stakeholders' ability to assess the rationale behind financial decisions, the risks associated with government operations, and the sustainability of fiscal policies. Comprehensive notes ensure that stakeholders understand not only “what” the numbers represent but also “why” specific financial policies, transactions, or adjustments were made. This depth of information strengthens public trust, supports evidence-based oversight, and facilitates informed decision-making in both policy formulation and audit processes (Motiwalla, 2022).

In practice, well-prepared CaLK can reveal critical information about contingent liabilities, debt commitments, budget deviations, and significant financial events that are not immediately apparent from core financial statements alone. By providing this level of detail, CaLK contributes directly to the transparency, accountability, and reliability of government financial reporting, making it an essential tool for good governance and responsible public financial management.

Disclosure Index as a Measurement Tool

The Disclosure Index is a widely used tool for evaluating the completeness and quality of information in the Notes to the Financial Statements (CaLK). It is based on a checklist of required disclosure items, with each item scored 1 if disclosed and 0 if not, and the total score converted into a percentage to indicate the overall level of disclosure (Marston & Shrives, 1991). By providing a quantitative measure of transparency, the disclosure index allows researchers and auditors to systematically assess how thoroughly local governments comply with mandatory disclosure requirements (Roszkowska-Menkes et al., 2024). This method facilitates comparisons across fiscal years, different regions, or government entities, helping to identify areas where disclosure practices are strong and areas that require improvement (Marston & Shrives, 1991). Additionally, the disclosure index supports monitoring and evaluation of compliance with accounting standards while reinforcing transparency, accountability, and public trust in government financial reporting (Roszkowska-Menkes et al., 2024).

In the context of this study, the disclosure index is especially valuable for assessing changes in the Notes to the Financial Statements (CaLK) of Central Tapanuli Regency between fiscal years 2023 and 2024. By systematically evaluating which disclosure items are present or absent, the index allows researchers to determine whether the completeness and quality of financial disclosures have improved, remained consistent, or declined over time. This year-to-year comparison provides practical insights into the local government's progress in adhering to accounting standards and implementing transparent reporting practices. Furthermore, applying the disclosure index offers empirical evidence regarding the extent to which the local government complies with the Government Accounting Standards (SAP) and reflects its commitment to accountability, transparency, and good governance. The method also helps identify specific areas where further improvements are needed, guiding policymakers and auditors in strengthening financial reporting and stakeholder confidence.

Challenges and Factors Affecting CaLK Disclosure

Although the Notes to the Financial Statements (CaLK) are essential for transparency and accountability, several factors can affect their quality and completeness. These include the capacity and expertise of accounting personnel, the effectiveness of internal controls, experience in financial management, and political support (Jamaluddin & Muttaqim, 2025). Limited human resources or weak controls can

lead to incomplete or inconsistent reporting, while a lack of commitment to transparency may result in insufficient or unclear disclosures. Understanding these challenges is crucial for improving disclosure practices and strengthening public trust.

For example, regions with a limited number of skilled accounting personnel may face difficulties in fully implementing SAP requirements, which can result in incomplete, inconsistent, or unclear disclosures in CaLK. Similarly, weak internal control systems can contribute to errors, omissions, or misstatements in financial notes, reducing their reliability and usefulness. Political factors, including the priorities of local government leaders and the overall commitment to transparency, also play a significant role in shaping the quality and clarity of CaLK reporting. Together, these factors can create significant variations in disclosure practices between regions and even between fiscal years within the same local government, highlighting the need for targeted improvements in human resources, internal controls, and governance support to enhance the comprehensiveness and credibility of financial reporting.

Understanding these challenges is crucial for evaluating disclosure practices in specific local governments, such as Central Tapanuli Regency, where limited studies have been conducted. By identifying potential barriers and supporting factors, this study can provide insights not only on the level of disclosure but also on the underlying reasons for variations between fiscal years 2023 and 2024.

METHOD

This study employs a descriptive-comparative research design to evaluate the level of disclosure in the Notes to the Financial Statements (CaLK) of Central Tapanuli Regency for the fiscal years 2023 and 2024. The purpose is to identify and compare the completeness and quality of financial disclosures using a disclosure index, which provides a quantitative measure of transparency and allows for year-to-year comparisons to determine whether disclosure practices have improved, remained consistent, or declined.

The population of this study consists of all CaLK published by the Central Tapanuli Regency government for the two fiscal years. Since the study aims to analyze the entire set of reports, a total population sampling approach was applied, meaning that all available CaLK documents from 2023 and 2024 were included in the analysis. Data were collected directly from the official financial statements published by the local government, focusing on specific disclosure items such as accounting policies, details of

assets and liabilities, budget realization, cash flow information, contingent liabilities, and other mandatory items required by the Government Accounting Standards (SAP). A checklist of mandatory disclosure items was prepared, with each item scored 1 if disclosed and 0 if not.

The disclosure index for each fiscal year was calculated using the following formula:

$$\text{disclosure index (\%)} = \frac{\text{total number of items disclosed}}{\text{total number of mandatory disclosure items}} \times 100$$

Table 1. Central Tapanuli Regency Budget Realization Table

Uraian	Ref CaLK	Anggaran 2024	Realisasi 2024	%	Realisasi 2023
PENDAPATAN – LRA	5.1.1	1.267.717.913.247,00	1.250.677.557.636,84	98,7	1.188.605.049.527,14
Pendapatan Asli Daerah	5.1.1.1	92.324.397.000,00	87.292.121.632,64	94,5	79.065.207.857,00
- Pajak Daerah	5.1.1.1.1	27.387.087.000,00	25.972.224.696,00	94,8	25.192.586.102,00
- Retribusi Daerah	5.1.1.1.2	3.657.000.000,00	2.499.324.680,00	68,3	2.657.120.000,00
- Hasil Kekayaan Daerah	5.1.1.1.3	10.640.167.800,00	10.640.167.287,39	100	10.497.300.000,00
- Lain-lain PAD Sah	5.1.1.1.4	50.658.568.000,00	48.180.405.000,00	95,1	40.718.201.755,00
Pendapatan Transfer	5.1.1.2	1.157.798.294.249,00	1.142.770.433.109,09	98,7	1.100.528.446.315,00
- Transfer Pemerintah Pusat	5.1.1.2.1	956.283.027.249,00	940.890.765.416,09	98,4	899.665.573.610,00
— Dana Bagi Hasil Pajak	5.1.1.2.1.1	69.716.107.000,00	69.037.924.920,00	99,0	67.175.862.000,00
— Dana Alokasi Umum	5.1.1.2.1.2	657.747.000.000,00	657.747.000.000,00	100	657.747.000.000,00
— Dana Alokasi Khusus	5.1.1.2.1.3	191.357.460.000,00	188.105.839.000,00	98,3	164.742.711.610,00
— Dana Insentif Daerah	5.1.1.2.1.4	35.462.560.249,00	25.999.001.496,09	73,3	10.000.000.000,00
— Dana Desa	5.1.1.2.1.5	142.095.967.000,00	142.095.967.000,00	100	142.000.000.000,00
- Transfer Pemda Lainnya	5.1.1.2.2	59.400.000.000,00	58.933.703.693,00	99,2	57.745.971.000,00
Lain-lain Pendapatan Sah	5.1.1.3	17.164.595.000,00	20.614.282.895,00	120,1	8.011.395.355,00
BELANJA DAERAH	5.1.2	1.118.705.800.000,00	1.027.586.420.745,00	92,5	986.755.165.570,00
Belanja Operasi	5.1.2.1	919.488.875.320,00	867.553.452.047,00	94,3	817.966.109.256,00
- Belanja Pegawai	5.1.2.1.1	351.747.556.000,00	347.167.556.000,00	98,7	328.976.546.000,00
- Belanja Barang & Jasa	5.1.2.1.2	357.556.757.000,00	347.668.453.000,00	97,2	313.440.000.000,00
- Belanja Bunga	5.1.2.1.3	13.775.106.000,00	13.774.450.000,00	99,9	12.826.000.000,00
- Belanja Hibah	5.1.2.1.4	48.469.695.000,00	47.354.901.000,00	97,7	23.788.667.000,00
- Belanja Bantuan Sosial	5.1.2.1.5	148.940.000.000,00	111.588.092.047,00	74,9	139.000.896.256,00
Belanja Modal	5.1.2.2	186.647.400.000,00	160.286.280.436,00	85,9	159.163.372.314,00
- Belanja Modal Tanah	5.1.2.2.1	5.691.929.885,00	5.628.871.224,00	98,9	5.575.805.600,00
- Belanja Modal Gedung/ Bangunan	5.1.2.2.3	62.838.050.067,00	61.183.984.443,00	97,4	53.852.167.285,00
- Belanja Modal Jalan/ Irigasi/Jaringan	5.1.2.2.4	74.721.411.418,00	66.930.322.826,99	89,5	33.143.127.767,00
Belanja Tidak Terduga	5.1.2.3	212.515.817.400,00	209.033.261.924,00	98,3	196.824.100.000,00
SURPLUS/DEFISIT	5.1.4	(54.043.044.535,00)	14.112.246.749,18	(26,7)	38.676.168.321,84
PEMBIAYAAN DAERAH	5.1.5	64.696.052.000,00	66.049.201.746,72	102,0	38.697.907.587,99
Penerimaan P.biaya. Daerah	5.1.5.1	64.696.052.000,00	66.049.201.746,72	102,0	38.697.907.587,99
- SILPA Tahun Lalu	5.1.5.1.1	64.696.052.000,00	66.049.201.746,72	102,0	38.697.907.587,99
Pengeluaran P.biaya Daerah	5.1.5.2	10.652.846.124,00	10.652.846.124,00	100	6.334.049.173,00
- Penyertaan Modal Daerah	5.1.5.2.1	10.652.846.124,00	10.652.846.124,00	100	6.334.049.173,00
PEMBIAYAAN NETTO		54.043.044.535,00	55.396.355.622,72	102,5	32.363.858.414,99
SISA LEBIH P.BIAYA. ANGGARAN (SILPA)	5.1.7	0	69.799.440.371,90	-	66.040.241.766,00

This calculation allows for a comparison between the two years, highlighting areas of strength and weakness in disclosure practices and providing empirical evidence regarding compliance with SAP standards and the local government's commitment to transparency and accountability. To ensure validity, the checklist was carefully cross-checked with SAP requirements to include all mandatory items. For reliability, each CaLK document was reviewed independently by multiple researchers to minimize bias

and ensure consistent scoring, and any discrepancies were resolved through discussion and consensus. This approach ensures that the analysis accurately reflects the actual level of disclosure in Central Tapanuli Regency's financial reports.

RESULTS AND DISCUSSION

Results

The analysis of the Notes to the Financial Statements (CaLK) for Central Tapanuli Regency in fiscal years 2023 and 2024 shows a clear improvement in disclosure practices.

Table 2. Comparison of Overall Disclosure Index in the Notes to the Financial Statements (CaLK) of Central Tapanuli Regency for Fiscal Years 2023–2024

Fiscal Year	Total Disclosure Items	Items Disclosed	Disclosure Index (%)
2023	50	36	72%
2024	50	41	81%

- In 2023, the disclosure index for Central Tapanuli Regency was calculated at 72%, indicating that while most mandatory items were disclosed, several important elements were still missing or only partially reported. Notably, items such as contingent liabilities, intergovernmental grants, and long-term asset valuations were either omitted or inadequately explained, which could limit stakeholders' ability to fully understand the government's financial position and obligations. This partial disclosure underscores the challenges faced by the local government in achieving comprehensive transparency at that time.
- By 2024, the disclosure index had increased to 81%, reflecting a marked improvement in both the completeness and clarity of financial reporting. Previously omitted items were fully disclosed, and explanations of key accounting policies and financial transactions were enhanced, allowing stakeholders to better interpret the information presented. This increase demonstrates the effectiveness of measures implemented between the two fiscal years, including improved staff capacity, strengthened internal controls, and greater organizational emphasis on transparency and accountability. The upward trend in the disclosure index highlights the local government's commitment to aligning its financial reporting practices with Government Accounting Standards (SAP) and to providing more reliable and actionable information to the public and other stakeholders.

Table 3. Detailed Disclosure Items and Compliance in the Notes to the Financial Statements (CaLK) of Central Tapanuli Regency for Fiscal Years 2023–2024

No	Disclosure Item	2023 (Disclosed)	2023 (%)	2024 (Disclosed)	2024 (%)
1	Accounting Policies	✓	100%	✓	100%
2	Budget Realization Report	✓	100%	✓	100%
3	Balance Sheet Details	✓	100%	✓	100%
4	Operational Report	✓	100%	✓	100%
5	Cash Flow Statement	✓	100%	✓	100%
6	Contingent Liabilities	✗	0%	✓	100%
7	Intergovernmental Grants	✗	0%	✓	100%
8	Long-Term Asset Valuations	✗	0%	✓	100%
9	Revenue Recognition	✓	100%	✓	100%
10	Expenditure Recognition	✓	100%	✓	100%

Table 2 illustrates that several items which were missing or only partially disclosed in 2023 were fully reported in 2024, indicating a significant improvement in the comprehensiveness and quality of financial disclosures. This improvement reflects the local government's efforts to enhance compliance with Government Accounting Standards (SAP) and to provide a more complete representation of its financial position and performance. Notably, core components such as accounting policies, budget realization reports, and balance sheet details were consistently disclosed in both years, demonstrating that foundational reporting practices were already well-established. The combination of maintaining strong disclosure for essential items while addressing previously omitted elements suggests a systematic and deliberate approach to improving overall transparency, reliability, and usefulness of the Notes to the Financial Statements (CaLK). This pattern highlights both continuity in good reporting practices and progress in addressing gaps, reinforcing stakeholder confidence and supporting effective public oversight.

Discussion

The analysis of the Notes to the Financial Statements (CaLK) for Central Tapanuli Regency reveals a significant improvement in disclosure quality between 2023 and 2024, reflecting progress toward greater transparency and accountability in local government financial reporting. This enhancement can be explained through several interrelated factors, which collectively illustrate the dynamics of effective public sector financial management.

First, the capacity and expertise of accounting personnel play a fundamental role in determining both the quality and completeness of financial disclosures in the Notes to the Financial Statements (CaLK). In 2023, several critical items—such as contingent liabilities, intergovernmental grants, and long-term asset valuations—were either partially disclosed or entirely missing, reflecting limitations in technical knowledge, experience, or familiarity with the Government Accounting Standards (SAP). By 2024, however, these previously omitted items were fully disclosed, indicating that the finance staff had significantly enhanced their professional competencies. This improvement likely resulted from a combination of targeted training programs, continuous technical guidance, and hands-on experience in preparing accrual-based financial statements. Such interventions enabled the accounting team to systematically record, classify, and explain complex financial transactions, ensuring that the CaLK accurately reflected the government's financial position and performance. Furthermore, the development of staff expertise contributed to more consistent adherence to regulatory standards, reduced the likelihood of errors or omissions, and enhanced the overall transparency and reliability of financial reporting. This demonstrates that investment in human resource capacity is not only essential for compliance but also a strategic factor in fostering accountability and public trust in local government financial management.

Second, the strengthening of internal control systems and review procedures played a pivotal role in enhancing both the accuracy and reliability of financial reporting. Internal audits, supervisory reviews, and systematic cross-verification of financial data collectively reduce the likelihood of errors, omissions, or inconsistencies in the Notes to the Financial Statements (CaLK). In 2024, the improved internal control environment appears to have directly contributed to more complete and consistent disclosures, ensuring that all required items under Government Accounting Standards (SAP) were properly reported. Strengthened procedures likely included regular reconciliation of accounts, review of accounting entries by senior personnel, and verification of supporting documentation, which together minimized reporting discrepancies and improved compliance with regulatory requirements. This development not only reinforced the credibility and trustworthiness of the financial statements but also demonstrated the government's commitment to operational integrity and accountability. Furthermore, the presence of robust internal controls is consistent with the principles of good governance, which emphasize that systematic oversight mechanisms are essential to ensure transparency, safeguard public resources, and enable informed decision-making by

stakeholders, including auditors, policymakers, and the public. By embedding these control measures into the financial reporting process, the local government effectively enhanced the reliability of its disclosures and strengthened public confidence in its fiscal management.

Third, government leadership and political commitment play a critical role in shaping the quality and comprehensiveness of financial disclosures in the Notes to the Financial Statements (CaLK). Leadership that prioritizes transparency and public accountability creates an organizational environment in which staff are motivated to ensure compliance with Government Accounting Standards (SAP) and to maintain thoroughness in reporting. In the case of Central Tapanuli Regency, the increased attention to CaLK disclosures in 2024 indicates that organizational and political support was instrumental in promoting transparent governance. This support likely included setting clear expectations for financial reporting, providing resources and guidance to accounting personnel, and fostering a culture where accuracy, completeness, and timeliness are valued. Leadership commitment also encourages the proactive identification and disclosure of all relevant financial information, including complex or technical items that might otherwise be overlooked. By embedding accountability as a core principle, government leaders enable financial statements to serve not merely as regulatory documentation but as a tool for public oversight, informed decision-making, and performance evaluation. Consequently, political will and executive support are not only drivers of compliance but also essential for cultivating a sustainable culture of transparency and trust within local government institutions.

Despite these positive developments, several challenges remain. One of the primary issues is understandability. While completeness has improved, certain technical notes remain highly complex, making them difficult for non-specialist stakeholders, such as the general public or community representatives, to interpret. Ensuring clarity and simplicity in the presentation of financial information is therefore critical to maximize the usability of CaLK. Furthermore, enhancing stakeholder engagement—for instance, by providing explanatory summaries or public briefings—would support broader comprehension and facilitate more active participation in public oversight.

CONCLUSION

This study provides a comparative analysis of the disclosure quality in the Notes to the Financial Statements (CaLK) of Central Tapanuli Regency for fiscal years 2023 and

2024 using the Disclosure Index method. The findings indicate a clear improvement in financial reporting practices, with the overall disclosure index increasing from 72% in 2023 to 81% in 2024. Previously missing or incomplete items, such as contingent liabilities, intergovernmental grants, and long-term asset valuations, were fully disclosed in 2024, reflecting progress in compliance with Government Accounting Standards (SAP).

The improvement in CaLK disclosures can be attributed to several key factors, including enhanced capacity and expertise of accounting personnel, strengthened internal control and review mechanisms, and strong commitment from government leadership toward transparency and accountability. Despite these positive developments, challenges remain in terms of the understandability of technical notes and the need for broader stakeholder engagement to ensure that financial information is accessible and actionable.

Overall, the study concludes that Central Tapanuli Regency has made substantial strides in enhancing transparency and accountability in its financial reporting. To sustain and further improve these outcomes, it is recommended that the local government continue investing in professional development, maintain robust internal controls, and prepare user-friendly explanatory notes. These measures will not only ensure compliance with accounting standards but also strengthen public trust and confidence in the management of regional financial resources.

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