**Abstract** - This paper is describing about fair and without exception financial statement as a good financial management and managed by human resources who have national cultural character with the nature of openness, honest, trustworthy, integrity, effective, efficient, creative, smart, tough, caring, fair and prioritizes prosperity that can be accounted for in creating good governance to carry out the budget based on careful planning and objectively reported with recommendations for increasing the competence of superior characters through education and training, workshops, seminars, focus group discussions and the importance of community participation in budget oversight.

Keywords - Financial statement, good government, character

**I. INTRODUCTION**

**A. Background**

An accountable and transparent government is the most important component in managing a country that has gained the trust of the people, so that with their high awareness, they have paid taxes and service products set by the government and they respected various state policy decisions. They respect a government with public manners, ethics and willingness to take responsibility for various decisions for their welfare.

In the implementation of good governance, state budget (APBN) must be carried out with full responsibility by bureaucrats. Along with bureaucratic reform in the financial sector, several policies have been established in the form of laws, government regulations, regulations of the Minister of Finance. Those policies are contained in Act 8 of 2017 concerning amendments to Act 18 of 2016 concerning State Finance. Those policies are contained in Act 8 of 2017 concerning amendments to Act 18 of 2016 concerning State Finance [1], Regulation of the Minister of Finance of the Republic of Indonesia No. 164 / PMK.05 / 2011 concerning State Budget and Revenue, Act 17 of 2003 concerning State Finance [1], Regulation of the Minister of Finance of the Republic of Indonesia No. 164 / PMK.05 / 2011 concerning State Budget and Revenue, Act 17 of 2003 concerning State Finance [1], Regulation of the Minister of Finance of the Republic of Indonesia No. 164 / PMK.05 / 2011 concerning State Budget and Revenue, Act 17 of 2003 concerning State Finance [1], Regulation of the Minister of Finance of the Republic of Indonesia No. 164 / PMK.05 / 2011 concerning State Budget and Revenue, Act 17 of 2003 concerning State Finance [1], Regulation of the Minister of Finance of the Republic of Indonesia No. 164 / PMK.05 / 2011 concerning State Budget and Revenue, Act 17 of 2003 concerning State Finance [1], Regulation of the Minister of Finance of the Republic of Indonesia No. 164 / PMK.05 / 2011 concerning State Budget and Revenue, Act 17 of 2003 concerning State Finance [1], Regulation of the Minister of Finance of the Republic of Indonesia No. 164 / PMK.05 / 2011 concerning State Budget and Revenue, Act 17 of 2003 concerning State Finance [1], Regulation of the Minister of Finance of the Republic of Indonesia No. 164 / PMK.05 / 2011 concerning State Budget and Revenue, Act 17 of 2003 concerning State Finance [1], Regulation of the Minister of Finance of the Republic of Indonesia No. 164 / PMK.05 / 2011 concerning State Budget and Revenue, Act 17 of 2003 concerning State Finance [1], Regulation of the Minister of Finance of the Republic of Indonesia No. 164 / PMK.05 / 2011 concerning State Budget and Revenue, Act 17 of 2003 concerning State Finance [1], Regulation of the Minister of Finance of the Republic of Indonesia No. 164 / PMK.05 / 2011 concerning State Budget and Revenue, Act 17 of 2003 concerning State Finance [1], Regulation of the Minister of Finance of the Republic of Indonesia No. 164 / PMK.05 / 2011 concerning State Budget and Revenue, Act 17 of 2003 concerning State Finance [1], Regulation of the Minister of Finance of the Republic of Indonesia No. 164 / PMK.05 / 2011 concerning State Budget and Revenue, Act 17 of 2003 concerning State Finance [1], Regulation of the Minister of Finance of the Republic of Indonesia No. 164 / PMK.05 / 2011 concerning State Budget and Revenue, Act 17 of 2003 concerning State Finance [1], and managed by human resources who have national cultural character with the nature of openness, honest, trustworthy, integrity, effective, efficient, creative, smart, tough, caring, fair and prioritizes prosperity that can be accounted for in creating good governance to carry out the budget based on careful planning and objectively reported with recommendations for increasing the competence of superior characters through education and training, workshops, seminars, focus group discussions and the importance of community participation in budget oversight.

**II. LITERATURE REVIEW**

A. State Financial Management Policy
The package of state finance acts, consisting of Act 17 of 2003 concerning state finance, Act 1 of 2004 concerning state treasury [4], and Act 15 of 2004 concerning investigation of state financial management formulating four basic principles of state financial management [5]. The four basic principles of state financial management are:

1. Accountability based on result or performance
2. Openness in every transaction of government
3. Empowerment of professional manager
4. Existence of strong, professional, and independent external auditor and no duplication in implementation of investigation

Related to this matter, there is basic regulation and regulated by Act 17 of 2003 that is:

1. About definition and scope of state finance
2. General principles of state financial management
3. Position of president as the holder of state financial management.
4. Delegation of presidential power to minister of finance and head of institution
5. Composition of state budget and local budget
6. Provision about disposition and arrangement of state budget and regional budget
7. Arrangement of financial relation between central government and central bank, local governments, and foreign governments
8. Arrangement of financial relation between government and local governments and private companies
9. Community fund management body.
10. Determination of form and deadline for the submission of the accountability report

State treasury management contained in Act 1 of 2004:
1. Implementation of performance-based budgeting; Enforcement of recognition and measurement of actual based state budget
2. The emergence of functional positions in the State Treasury.
3. Providing current or interest services for government funds held at the central bank.

Thus, financial management includes planning / budgeting, organizing, implementing and reporting. The cycle of management of state finance in terms of state financial objects as state obligations can be valued in money, including various policies and activities carried out in the field of management of separated state assets. In addition, everything can be in the form of money or in the form of goods that can be owned by the State in connection with the implementation of these rights and obligations.

From side of subject, state finance includes state or central government, local governments, state/local companies, and other bodies that are related to state finance. Whereas state finances from side of process covers the whole series of activities related to the management of the above objects starting from the process of policy formulation and decision making to accountability. State finance also includes all policies, activities and legal relations relating to the ownership of the control of the objects as mentioned above in the framework of the administration of the state.

Act 17 of 2003 shows that state finance is "all rights and obligations of state that can be valued in money, as well as everything in the form of money or in the form of goods that can be owned by state in connection with the implementation of these rights and obligations". (Article 1 Letter 1 Act 17 of 2003). Scope of state finance is outlined in Article 2 Act 17 of 2003 include:

1. State's right to collect taxes, issue and circulate money, and make loans.
2. State's obligation to carry out general government service tasks and pay third party bills.
3. State Revenue.
4. State Expenditures.
5. Local Revenue.
6. Local Expenditures.
7. State assets / local assets that are managed alone or by other parties in the form of money, securities, receivables, goods, and other rights that can be valued with money, including assets that are separated in state or local companies;
8. Wealth of other parties controlled by government in the context of carrying out governmental duties or public interests.
9. Assets of other parties which are obtained by using facilities provided by government.

B. National Cultural Character

Character is a behavior or habit that is inherent in humans in carrying out the functions of life. Good character is also referred to as noble morality which is reflected in behavior according to good teachings so that characters can be built and developed. According to the national policy of Nation Character Development the current situation and condition of character deterioration occurs so that character development is used as the main stream in development to have a positive impact. The function of character building based on 2010 in National Policy [6] is as follows:

1. Formation and development of potential, that is forming and developing the potential of humans or Indonesian citizens to think well, be kind and behave in accordance with the philosophy of life of Pancasila.
2. Improvement and strengthening of national character development to improve and strengthen the role of the education unit family, community and government to participate in the development of the potential of citizens and nation development towards a developed, independent and prosperous nation
3. The filter is to function to sort the culture of one's own nation and to filter the culture of other nations that are not in accordance with the cultural values and character of a dignified nation

In line with matters above, national long-term development plan 2005-2025 in the Act of the Republic of Indonesia Number 17 of 2007 are: "the realization of a strong, competitive, noble and moral character based on Pancasila
which is characterized by human nature and behavior. and Indonesian people who are diverse, have faith and are devoted to God Almighty, virtuous, tolerant, mutual cooperation, patriotic, dynamic and science and technology oriented.

C. Good Governance Theory

Good governance can be traced from the writings of J. S. Edralin (1997). "Governance" is a term used to replace the term "government", by showing the use of political, economic and administrative authority in managing state matters. This term specifically describes the changing role of the government from the service provider (provider) to the "enabler" or "facilitator" and the change of ownership, namely from state property to the property of the people. The main focus of "governance" is performance improvement or quality improvement [7]

According to Dwiyanto Indiahono [8] about the concept of "good governance" is promoted by the interests of international donors and financial institutions which assess that various projects financed fail because of weak institutions in developing countries in running governance with bad governance, lack of transparency, lack of participation and responsiveness, also in-efficient and discriminatory against stakeholders of several multilateral and bilateral agencies since 1991, by emphasizing several indicators including:

1. Democracy, decentralization, and increasing the ability of government.
2. Respect for human rights and compliance with applicable law.
3. People's participation.
4. Efficiency, accountability, transparency in government and public administration.
5. Reduction of military budget.

Governance is now a widely used idiom, so it can also be said to be an umbrella concept of a number of terminology in policy and politics, this word is often used to describe the network of policies, management, coordination between economic sectors and good governance which are often the main conditions that are often stated by Foreign Donor Institutions according to 2000 in Pierre, Jon and B. Guy Peters [9] as stated by Riant Nugroho [10] that the World Bank defines governance as the exercise of political power to manage the nation's affair and is clarified as the way state power is used in managing economic and social resources for development of society. Meanwhile the United Nations Development Program (UNDP) implies good governance by implementing solid and responsible management in line with democracy and efficient markets, avoiding misallocation of scarce investment funds and preventing corruption both politically and administratively, carrying out budgetary discipline and creating legal and political framework for the growth of entrepreneurial activities. Furthermore according to Miftah Thoha [11] to create democratic governance and good (good governance) UNDP establishes three components to make it happen namely: government actors, private actors or entrepreneurs and civil society actors or the people. The diseases that undermine the creation of good governance is corruption, collusion and nepotism, while the components that overcome this are moral.

According to Agus Dwiyanto [12] the characteristics of the values inherent in the practice of good governance are: (1) Good governance practices must provide space for non-governmental agency actors to participate optimally in government activities, so as to enable synergy between government and non-governmental actors government as well as civil society and market mechanisms. (2) In the practice of good governance there is a message that makes the wheels of government more effective, efficient, fair and responsive in working for the common welfare. (3) The practice of good governance is the practice of governance that is clean from corruption, collusion and nepotism and oriented to the public interest that is able to realize transparency, law enforcement and public accountability.

III. METHOD OF RESEARCH

This research method uses descriptive qualitative method as according to Arikunto [13] descriptive aims to describe the state or status of the phenomenon to find out things related to the situation with data in the form of words, images. Qualitative research according to Kirk and Miller in Moleong [14] is "a certain tradition in Social Sciences which is fundamentally dependent on human observations both in their area and terminology".

Related with above, Kirk and Miller [15] define qualitative research as a particular tradition in Social Sciences which is fundamentally dependent on human observations both in their area and in their terminology. Guba and Lincoln [16] state that qualitative research is research that uses a natural setting, with the intention of interpreting phenomena that occur and is carried out by involving various existing methods.

IV. DISCUSSION

A. Financial Statements in the Auditor's Opinion

Opinion is a professional statement as an audit conclusion about the level of fairness of the information presented in the examination's financial statements. The audit consists of financial audits of financial statements, performance audits covering economic aspects of efficiency and effectiveness, containing findings, conclusions and recommendations as well as examinations with specific objectives containing conclusions.

Reports made by financial managers must be carried out responsibly, orderly and in accordance with laws and regulations, efficient, economical, effective, transparent, fair and proper. According to the professional standards of public accounting auditors opinion there are five kinds, namely:

1. Fair without exception (Unqualified Opinion) if the auditor does not find overall material errors from the financial statements made with applicable accounting principles (GAAP). To meet the fair financial statements without exception, (1) the financial statements must be
complete. All three general standards have been met. The financial statements are presented in accordance with generally accepted accounting principles. There is no significant uncertainty regarding future developments. (5) The financial statements have been presented in accordance with GAAP (Generally Accepted Accounting Principles). (6) There are no circumstances that allow the auditor to add paragraphs.

2. Unqualified Opinion with paragraphs (Modified Unqualified Opinion), namely certain circumstances allow the auditor to add an explanatory paragraph to his audit report, the audit expresses this opinion if (1) the entity’s lack of consistency in implementing GAAP (2) great doubt about going concern, (3) the auditor wants to emphasize a point.

3. Fair opinion with an exception (qualified opinion), which means that financial statements present fairly in all material respects, financial position, results of operations and cash flows of certain entities in accordance with generally accepted accounting principles in Indonesia.

4. Adverse opinion means that the financial statements do not present fairly the financial position, results of operations and cash flows of certain entities in accordance with generally accepted accounting principles in Indonesia.

5. Disclaimer of opinion means that the auditor does not express an opinion on the financial statements and this is done because the auditor is not satisfied with all reports presented.

Of the five statements given by the auditors, of course each Institution expects the status given is fair without exception. For this reason, it is necessary to have a strong will in carrying out the proper management of state finances which includes planning, implementation, supervision and accountability.

B. National Cultural Character in Making Fair Without Exceptions Financial Statement

The development of national character can be applied in a work environment that is organized and prepared to support character education through the development of culture by reforming the bureaucratic mindset from the central and regional levels. In the New Order era, we often listened if institutions or agencies that get the state budget income and are unable to spend the budget within the current budget year, then it is not uncommon for budget authorities or treasurers to be said to be incapable and stupid in managing the budget. So that in carrying out the budget only carry out activities with the target of spending the budget without thinking of the benefits of the activities carried out. In the current era of industrial reform, it is very important that a performance-based financial budget is needed so that the output of the budget implementation is truly accountable.

Cultural characters can be developed with learning experiences and learning processes that lead to the formation of individual characters in an institution with the process of civilizing and empowering members of organizations or institutions. Budget execution must be carried out and reported by prioritizing noble character, behavior or behavior that has become a habit so that there is no engineering in making financial reports, from the start of planning, actualizing the budget and reporting.

According to Gottman [17] an individual has six characters namely (1) honest, (2) responsibility, (3) intelligent, (4) creative, (5) tough and (6) caring. Individuals with character can be built with value education which according to Mulyana [18] value education is the cultivation and development of values in a person. If viewed from its function, every human being is a leader on earth, besides that he is also a servant of God, then it is not permissible to do damage on earth and in managing state finances it must also be mandated to avoid waste such as the example of Caliph Umar Bin Khatab who lives in simplicity Ari Ginanjar [19].

By looking at the occurrence of corruption, collusion and nepotism which have been considered to be corruption such as cancer which is very acute and difficult to cure, even Abdullah Hehamahua [20] states that Indonesia about 90% of its Civil Servants corrupt, both time corruption, illegal levies both small and large. While Haryatmoko [21] said that many people made corruption as something normal. Meanwhile, according to Herman [22] the role of the House of Representatives in the prevention and eradication of corruption is very strategic because of the authority they have, such as authority in the field of legislation, budget approval and supervision. However, in reality there are still many legislative members who also practice corruption with evidence that more and more arresting operations are carried out by the Corruption Eradication Commission against Legislative members. For this reason, it is necessary to foster the development of national cultural character through its development through education as according to Fakri in Derma Kesuma [23] character education is a process of transforming the values of life to be built in one’s personality so that they become one in the behavior of that person’s life.

Management of state finances can be reported with an unqualified predicate through the implementation of a budget that can be accounted for by individuals or human resources who have honest, trustworthy, caring, tough, intelligent, creative full of integrity, effective and efficient as well as promoting justice and prosperity that can accounted for.

C. Fair Without Exceptions Financial Statement Can Achieve Good Governance

A good government can be realized by administering a good government also in managing state finances as evidenced by the auditor’s statement in providing oversight of the reports made by the Institute with unqualified opinion. Good governance according to UNDP in Syamsiar [24] there are 9 elements of good governance, namely (1) the participation of all men and women or citizens has a voice in decision making, both directly and intermediary institutions that represent their interests. This comprehensive participation
is built on the basis of freedom of association and speech and participative constructive participation. (2) rule of law, the legal framework must be fair and be applied indiscriminately, especially for human rights law. (3) transparency, transparency is built on the basis of freedom of information flow, institutional processes and information can be directly accepted or accessed by those who need and have interests, of course the information must be adequate in order to be understood and can be monitored. (4) responsiveness, institutions and the whole process of government must try or try to serve every stakeholder or all interested parties. (5) consensus orientation, good governance mediates different interests to obtain overall consensus on the best choice for broader interests, both in terms of policies and procedures. (6) equity, all citizens have the opportunity to improve or maintain their welfare. (7) effectiveness and efficiency, governance processes and institutions produce according to what has been outlined by using available resources. (8) accountability, decision makers in government, the private sector and community organizations are accountable to the community as well as to stakeholder institutions and interested institutions. This form of accountability or responsibility differs from one another depending on the institution or type of organization concerned and the nature of the decisions that have been made, whether the decisions are for the internal or external interests of the organization. (9) strategic vision, leaders and the community must have a broad and far-reaching perspective on good governance and human development, as well as sensitivity to what is needed to realize these developments. In addition they must also have an understanding of the complexities of welfare, culture and social that form the basis of that perspective.

According to Taliziduhu Ndraha [25] humans need public services based on public choice and public policy as well as civil services based on human rights and the constitution, from the formal point of view strength is needed to enforce norms. Public organizations are formed by the people as sovereign and are given the authority or authority that is power and legitimate to create the fairest value possible in society.

Some of the provisions that require good governance as mentioned above are closely related to the results of unqualified financial statements, because if the administration is not good then opinions obtained may also be fair without exceptions. Vice versa good results are obtained from good reports as an internalization of good budget execution as well as two sides of the same coin.

V. CONCLUSION

State financial management includes planning, implementation and supervision that can be carried out with the principle of realizing good governance including (1) participation (2) rule of law (3) transparency, (4) responsiveness (5) consensus orientation, (6) equity (7) effectiveness and efficiency (8) accountability (9) strategic vision. The implementation can be built with a superior national cultural character.

Unqualified financial statements as the opinion of the auditor are given to financial managers who have high cultural character in realizing good governance. The formation of high cultural character can be done by increasing competence through education and training, workshops, seminars, focus group discussions and the importance of community participation in budget oversight.

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