

The Influence of Corruption Control, Financial Reporting Quality, and Local Own-Source Revenue on Achieving SDG 1

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ABSTRACT

Access to basic sanitation services represents a critical component in the achievement of the Sustainable Development Goals (SDGs), particularly Target 1.4.1, which emphasizes the necessity of providing essential services to all segments of the population without discrimination. Although national statistics indicate a gradual improvement in access, significant disparities persist at the subnational level, highlighting challenges in local fiscal governance. This study aims to analyze the simultaneous influence of Corruption Control (CC, measured using the Corruption Control Effectiveness Index (CCEI), Financial Report Quality (QFR, measured through audit opinions), and Local Own-Source Revenue (LOSR) on access to basic sanitation services. Employing a quantitative approach through a multiple linear regression model, this research utilizes panel data from 495 local governments across Indonesia over the period 2021–2022. The empirical results reveal that all three independent variables CC, QFR, and (LOSR) exert a positive and statistically significant effect on the expansion of sanitation service coverage. These findings underscore the relevance of the good governance framework in the context of public financial management at the local level. The study concludes that strengthening fiscal integrity, enhancing financial transparency, and promoting fiscal autonomy are key strategies to accelerate equitable and sustainable access to sanitation services. Furthermore, the results suggest that improvements in local institutional quality and capacity can play a vital role in advancing inclusive development. Future research is recommended to incorporate additional indicators under SDG Target 1.4.1, such as access to safe drinking water, adequate housing, and productive assets, to generate a more comprehensive understanding of local development dynamics.

Keywords: Basic sanitation, corruption control, good governance, Local Own-Source Revenue, local government financial reporting.

INTRODUCTION

The first goal of the Sustainable Development Goals (SDGs), No Poverty, emphasizes the importance of empowering communities by ensuring universal access to quality basic services, including sanitation. In Indonesia, achieving this target remains a significant challenge, particularly at the local government level. Data from the SDGs Annual Report 2023 indicate that only 73.37% of poor and vulnerable households (the bottom 40%) had access to basic sanitation in 2022, an increase from 71.45% in 2021. This implies that approximately 26.63% of vulnerable households still lack access, meaning that more than one-quarter of these households remain marginalized. This situation reflects persistent weaknesses in fiscal management and local financial governance Bappenas (2023).



Academic literature on fiscal governance highlights the role of public financial quality in supporting basic services. Setiawan et al. (2025) show that corruption control is significantly correlated with SDG progress, emphasizing the importance of fiscal integrity. Similarly, (Gallego-Álvarez et al. (2025) find that corruption negatively impacts SDG outcomes worldwide, particularly in the water and sanitation sector.

From a fiscal perspective, Riviando et al. (2019) demonstrate that Local Own-Source Revenue (LOSR) positively influences the Human Development Index (HDI), both directly and through capital expenditure. (Gulo et al. (2023) further confirm (LOSR)’s contribution to HDI improvements in North Sumatra, reinforcing the argument that fiscal capacity forms the foundation of sustainable public service provision.

Another important dimension is financial reporting quality (QFR), which is measured using audit opinions issued by the Audit Board of Indonesia (BPK). Ling (2023), Dina Rizky Ramadhani (2025) ; Negara et al. (2024) found that regions consistently receiving Unqualified Opinions (WTP) experience significant improvements in HDI and community welfare indicators, including access to basic services. (Sakinah et al. (2024) further emphasize that strong corruption control combined with high-quality financial reporting enhances budget efficiency and broadens access to public services.

Despite these insights, most prior studies evaluate these variables independently. A research gap remains in examining the simultaneous effects of corruption control, financial reporting quality, and (LOSR) on sanitation access, which is a sub-indicator of SDG Target 1.4.1. Within Indonesia’s decentralization framework, Law No. 23 of 2014 grants local governments autonomy to design and implement development policies, including sanitation. In this context, the synergy between fiscal capacity, reporting transparency, and corruption control forms the foundation of effective fiscal governance.

Using panel data from 2021–2022 comprising 990 observations across provincial, district, and municipal governments, this study finds that (LOSR), corruption control, and financial reporting quality all exert a significant positive effect on sanitation access. Among these variables, (LOSR) has the strongest influence ($p < 0.001$), followed by corruption control ($p < 0.01$) and QFR ($p < 0.05$). These findings indicate that fiscal resources, integrity, and accountability collectively shape public service delivery outcomes.

The novelty of this research lies in analyzing corruption control, QFR, and (LOSR) simultaneously within the framework of SDG Target 1.4.1. Corruption control reflects fiscal integrity measured using the Corruption Control Effectiveness Index (CCEI), QFR represents accountability through audit opinions, and (LOSR) indicates fiscal capacity. Together, these elements form a complementary system for building effective fiscal governance. Practically, these findings provide policy recommendations for local governments: to strengthen corruption control, improve financial reporting quality, and optimize (LOSR) simultaneously.

However, this study is limited to one dimension of Target 1.4.1, namely access to basic sanitation. Other indicators such as access to safe drinking water, adequate housing, or rights to productive resources are excluded. Therefore, generalizations to broader SDG achievement should be made cautiously. Future research is recommended to include additional sub-indicators to achieve a more comprehensive understanding of fiscal governance and sustainable development outcomes.

LITERATURE STUDY

Table 1. Literature Review Mapping

Author – Year	Country	Dependent Variable (DV)	Method	Key Findings	Research Gap
Bank (1992)	Global	Governance & Development	Conceptual Analysis	Emphasizes the importance of governance for sustainable development	Too general; does not address SDGs or basic

					service provision
Dina Rizky Ramadhani (2025)	Indonesia	Public Welfare	Quantitative Study	Audit opinions on local government financial statements significantly influence public welfare in West Kalimantan	Does not discuss basic services (sanitation, clean water) as SDG 1 indicators
Faradila et al. (2024)	Indonesia	Government Effectiveness	Quantitative Accounting Study	Full accrual accounting implementation and corruption control improve government effectiveness	Does not directly address access to basic public services
Gallego-Álvarez et al. (2025)	International	SDGs Index	Three-Way Multivariate Analysis	Shows complex relationships between corruption and SDG achievements	Does not specifically address local-level basic service provision
Gulo et al. (2023)	Indonesia (North Sumatra)	Human Development Index	Regression Analysis	Special allocation funds, DAU, and LGR significantly affect HDI	Does not link HDI to SDG 1 basic service aspects such as sanitation
Houqe (2025)	Global (Multi-country)	SDG Performance	International Panel Data Analysis	Corruption negatively impacts SDG achievement and is associated with modern slavery practices	Does not examine basic services (sanitation, clean water) in the context of Indonesia
Ling (2023)	Indonesia	Public Welfare	Local Government Financial Report Analysis	Audit opinions on local government financial statements significantly affect welfare	Does not connect welfare outcomes to access to SDG 1 basic services
Sakinah et al. (2024)	Indonesia	SDGs (general)	Normative & Empirical Analysis	Strengthening internal audit units (APIP) and corruption control contributes to	Not focused on access to basic public services

				SDG achievement	
United National Development Program (1997)	Global	Governance	Policy Paper	Good governance is a prerequisite for sustainable development	Does not discuss SDGs (pre-2015) or basic services
Breen et al. (2024)	Multiple Developing Countries	Household Water Access	Governance & Corruption Analysis in Utility Sector	Corruption in water utilities significantly affects household access to clean water	Does not test integration with fiscal indicators (LGR, audit opinions)

Theoretical Background

This study is grounded in the theory of Good Governance as its principal theoretical framework. The theory emphasizes that governance which is effective, efficient, transparent, accountable, participatory, and free from corruption serves as a fundamental foundation for sustainable development. Within this perspective, Good Governance is regarded as a critical prerequisite for the provision of high-quality and equitable public services, including those linked to the achievement of the Sustainable Development Goals (SDGs) United National Development Program (1997)

According to the United National Development Program (1997), Good Governance encompasses eight essential characteristics: participation, rule of law, transparency, responsiveness, consensus orientation, equity, effectiveness and efficiency, and accountability. In the context of local government, the implementation of these principles is reflected in efforts to strengthen corruption control, improve the quality of financial reporting, and optimize Local Own-Source Revenue (LOS R). These three dimensions serve as key indicators for assessing the extent to which Good Governance is practiced at the regional level.

The relationship between Good Governance and SDG achievement, particularly in poverty alleviation (SDG 1), can be explained through the effectiveness of budget allocation and the quality of public service delivery. Effective corruption control ensures proper use of public resources, high-quality financial reporting promotes fiscal transparency and accountability, and strong fiscal capacity through LGR allows local governments to finance and expand basic sanitation services. Empirical studies support these linkages: Modise (2025) highlights the negative impact of poor governance and corruption on SDG outcomes, Oppong (2025) emphasizes the importance of governance and accountability for sustainable development, and Martynenko et al. (2025) demonstrate that adequate fiscal capacity is crucial for SDG implementation in decentralized contexts. Together, these findings reinforce Good Governance as the theoretical foundation explaining how the quality of local governance influences the achievement of sustainable development objectives.

Hypothesis Development

Based on the summary of previous studies, it is evident that numerous investigations have examined the influence of government governance on development indicators, including the Sustainable Development Goals (SDGs). Most of these studies indicate that good governance practices are closely associated with the improvement of basic services, through mechanisms such as corruption control, financial reporting quality, and local fiscal capacity. However, the majority of these studies treat these variables separately and rarely examine their simultaneous effects on sanitation access as one of the sub-indicators of SDG 1.4.1.2.

Within the framework of Good Governance theory United National Development Program (1997), four interrelated principles are highlighted: transparency, accountability, integrity, and



effectiveness. Corruption control represents the integrity aspect of governance, as low levels of corruption ensure that budget allocations are used for their intended purposes. Financial reporting quality reflects transparency and accountability, as audit opinions serve as a measure of the extent to which local governments account for their fiscal management. Meanwhile, Local Own-Source Revenue (LOSR) represents fiscal capacity and the effectiveness of local governments in financing development according to community needs. Therefore, the Good Governance framework connects these three variables as the foundation for public service provision, particularly in sanitation.

Corruption Control (CC)

Effective corruption control ensures that budget allocations for sanitation are used appropriately and reach their intended targets. Breen et al. (2024) highlights that corruption practices in the water utility sector significantly restrict household access to clean water services. Altaf and Goetzke (2025) emphasizes that self-governance frameworks remain vulnerable to failure without robust corruption control mechanisms. At the global level, Gallego-Álvarez et al. (2025) found that corruption negatively affects SDG achievement, particularly in essential services such as water and sanitation. Setiawan et al. (2025); Houqe et al. (2025) Faradila et al. (2024) also report a significant positive correlation between effective corruption control and SDG attainment. Evidence from Sakinah et al. (2024) in Indonesia reinforces these findings, showing that the Corruption Control Index significantly influences SDG indicators. Furthermore, Ahmed and Anifowose (2024); Furqan and Din (2019) support the view that effective corruption control enhances government legitimacy and public service quality. Therefore, strong corruption control is expected to have a positive impact on access to basic sanitation services.

Quality of Financial Reporting (QFR)

Financial reporting quality reflects transparency and accountability in public governance. Accurate financial statements allow both governments and the public to monitor the effectiveness of public spending, including in the sanitation sector. Cut Zamharira et al. (2024) indicate that transparent financial reporting is associated with improved basic service delivery, including sanitation. Ling (2023); Negara et al. (2024) show that regions consistently receiving Unqualified Opinions (WTP) experience significant improvements in community welfare indicators, including access to basic services. Dina Rizky Ramadhani (2025) further concludes that audit opinions have a significant positive impact on the Human Development Index (HDI), with regions receiving consecutive WTP opinions demonstrating more substantial improvements. These findings support the hypothesis that the quality of financial reporting can significantly influence access to basic sanitation services.

Local Own-Source Revenue

Local Own-Source Revenue (LOSR) reflects the fiscal capacity of local governments to independently finance public services, including sanitation. Studies by Gulo et al. (2023) in North Sumatra and Rivianto et al. (2019) in West Sumatra find that LOSR positively influences the Human Development Index, which serves as a proxy for SDG achievement. Zariyah et al. (2023) add that higher LOSR enables local governments to expand water and sanitation services. Consequently, the higher the LOSR, the greater the likelihood of increased access to basic sanitation.

Based on the Good Governance theoretical framework and empirical evidence from previous studies, the hypotheses of this research are formulated as follows:

H1: Corruption control (CC) has a positive effect (+) on access to basic sanitation services (SDG 1.4.1.2).

H2: Quality of financial reporting (QFR) has a positive effect (+) on access to basic sanitation services (SDG 1.4.1.2).

H3: Local Own-Source Revenue (LOSR) has a positive effect (+) on access to basic sanitation services (SDG 1.4.1.2).

METHOD

The data collection process for determining the research sample employed a purposive sampling technique. The initial dataset comprised regional government data from 548 regencies and municipalities across Indonesia during the period 2021–2022. However, regencies and municipalities located in the Special Capital Region of Jakarta (DKI Jakarta) were excluded from the sample because they are administratively integrated into the reporting entity of DKI Jakarta Province. Additionally, 47 other regions were omitted due to incomplete data regarding Local Own-Source Revenue (LOSR), the Corruption Control Effectiveness Index (CCEI), or SDG indicators. Consequently, the final sample consisted of 495 local governments, representing approximately 90.33 percent of the total number of regencies, municipalities, and provinces in Indonesia for a single year of observation.

Considering that this study employs a two-year observation period, the total number of final panel data observations amounts to 990. All datasets utilized in this research were obtained from official Indonesian government institutions. Specifically, data on the Corruption Control Effectiveness Index (CCEI) were sourced from the Financial and Development Supervisory Agency (BPKP), audit opinion data representing the Quality of Financial Reporting (QFR) were obtained from the Audit Board of the Republic of Indonesia (BPK RI), data on Local Own-Source Revenue (LOSR) were retrieved from the Ministry of Finance, and data on the achievement of SDG 1.4.1.2 (Access to Basic Sanitation Services) were collected from the Ministry of National Development Planning (Bappenas).

To select the most appropriate panel data estimation model, this study conducted a Hausman test by comparing the Fixed Effect (FE) and Random Effect (RE) approaches. The test results indicated a chi-square probability value of 0.9998, well above the 0.05 significance threshold. This suggests that there is no systematic difference between the FE and RE estimators. Accordingly, the Random Effect (RE) model was chosen as the primary estimation method, as it provides both consistent and efficient results while capturing variations across regions and years.

To address the research problem and simultaneously test the proposed hypotheses, the empirical model in this study is structured as follows:

$$SDG1_{it} = \beta_0 + \beta_1 CCEI_{it} + \beta_2 QFR_{it} + \beta_3 (LOSR)_{it} + \varepsilon_{it}$$

SDG1_{it} serves as the dependent variable representing access to basic sanitation services at the regency, municipal, or provincial level at a specific point in time. This indicator is measured by the percentage of poor and vulnerable households (those within the bottom 40% income quintile) that have access to improved sanitation facilities, in accordance with sub-indicator 1.4.1.2 of SDG Target 1.4.1.

CCEI_{it} is the Corruption Control variable (CC) measured using the Corruption Control Effectiveness Index (CCEI) and functions as an independent variable reflecting the effectiveness of corruption control at the local government level. This index captures the extent to which oversight mechanisms and legal enforcement systems succeed in reducing corrupt practices, budget misappropriation, and improving the efficiency of public fund utilization, particularly in the provision of essential services such as sanitation.

QFR_{it} is the Quality of Financial Reporting variable (QFR, measured using audit opinions) and serves as an independent variable assessing the quality of local government financial reporting. Audit opinions, particularly Unqualified Opinions (Wajar Tanpa Pengecualian/WTP), indicate transparent and accountable fiscal management. High-quality financial reporting reflects sound financial governance and is expected to optimize public expenditure in priority sectors, including sanitation.

(LOSR)_{it} is an independent variable representing Local Own-Source Revenue and is used as a proxy for regional fiscal capacity. This variable is measured using the natural logarithm of total (LOSR), indicating the local government's financial ability to independently fund basic service provision without heavy reliance on central government transfers.

ε_{it} denotes the error term, which captures the influence of other unobserved variables not included in the empirical model but which may affect access to basic sanitation services.

Table 2. Operationalization of Variables

Name	Operationalization of Variables	Data Source
SDG1_{it}	This variable represents the achievement of the Sustainable Development Goals (SDGs) and is measured using the percentage of access to basic sanitation services. A higher percentage indicates a greater level of adequate and equitable sanitation coverage.	The Ministry of National Development Planning (BAPPENAS), Republic of Indonesia
CCEI_{it}	The Corruption Control variable is measured using the Corruption Control Effectiveness Index (CCEI) on a scale of 1 to 5: 1 (Poor): corruption risks are ignored, and corrupt practices are considered normal. 2 (Learning): initial structures exist, but efforts are limited, partial, and inconsistent. 3 (Working): corruption risks are adequately managed, with preventive, detective, and responsive procedures in place. 4 (Transforming): control measures are consistently implemented, fostering a culture of high ethical standards and integrity. 5 (Clean): corruption risks are effectively managed, a strong anti-corruption culture is established, and tangible impacts are observed on bureaucracy and public service delivery.	The Financial and Development Supervisory Agency (BPKP)
QFR_{it}	The quality of financial reporting is measured using a dummy variable based on the audit opinion, where a value of “1” is assigned if the regional government receives an unqualified audit opinion, and “0” if the opinion is other than unqualified.	Audit Board of the Republic of Indonesia.
(LOSR)_{it}	Regional Own-Source Revenue (LOSR) is measured based on the total (LOSR) receipts as recorded in the official data from the Ministry of Finance of the Republic of Indonesia. The (LOSR) values are then transformed using the natural logarithm (LN) to address non-normal data distribution and to reduce variability across regions.	Ministry of Finance

RESULTS

Descriptive Statistics

A complete description of the descriptive statistics of the variables in this study can be seen in Table 2 below:

Table 3. Descriptive Statistics of Variables

Variables	Mean	Std. Dev.	Min	Max
SDG1_{it}	79.40	14.27	11.99	100
CCEI_{it}	1.78	0.48	1	3
QFR_{it}	0.91	0.27	0	1
(LOSR)_{it}*	559.50	2397.90	3.25	45608.4
Number of Observations = 990*) Measured in billion rupiah				

SDGSit refers to the variable representing the achievement of the Sustainable Development Goals (SDGs), measured as the percentage of households with access to basic sanitation services. A higher percentage reflects a broader coverage of basic sanitation within a given region, indicating improved public health infrastructure and service delivery.

CCEIit represents corruption control, measured using the Corruption Control Effectiveness Index on an ordinal scale ranging from 1 to 5. This scale refers to the classification established by the Financial and Development Supervisory Agency (BPKP), indicating the level of effectiveness of corruption control mechanisms in local governments. However, in this study, the available data are limited to a range of 1 (Poor) to 3 (Working).

QFRit represents the quality of local government financial reporting. This variable is constructed using a dummy approach, assigned a value of 1 if the local government received an "Unqualified Opinion" Unqualified Audit Opinion from the Audit Board of the Republic of Indonesia (BPK), and 0 for all other audit opinions.

(LOSR)it refers to the Local Own-Source Revenue variable, which is derived from Ministry of Finance data. It is expressed in the form of the natural logarithm (LN) of total (LOSR), measured in billion rupiah. This variable reflects the fiscal capacity of local governments to independently fund public services, including those related to sanitation.

Sumber: Data sekunder, output STATA-17 (Diolah, 2025).

Table 2 above presents a summary of the descriptive statistical results for all variables used in this study. The mean value of the **SDGSit** variable is recorded at 79.40, which generally indicates that the local governments included as observation units in this study have achieved a relatively high level of basic sanitation service coverage. Nevertheless, the minimum value of only 11.99 and the maximum value of 100 reflect a substantial disparity in sanitation access across regions. This inequality is further supported by a standard deviation of 14.27, suggesting a considerable spread in the data. In other words, the achievement of basic sanitation services varies significantly, indicating that equal and equitable access to sanitation remains elusive across all local governments.

For the **CCEIit** Corruption Control variable, measured using the Corruption Control Effectiveness Index (CCEIit), the statistical analysis reveals a mean value of 1.78 with a standard deviation of 0.48, and a range from 1 (minimum) to 3 (maximum). This indicates that, on average, the effectiveness of corruption control in local governments is still classified as moderate, with many regions yet to achieve an optimal level of budget oversight and corruption prevention in public financial management.

Meanwhile, the **QFRit** variable has a mean value of 0.91, indicating that the majority of local governments analyzed in this study received an unqualified opinion Unqualified Audit Opinion from the Audit Board of the Republic of Indonesia. This audit opinion serves as a key indicator of financial reporting quality and transparency at the regional level. The variable ranges from 0 to 1, with a standard deviation of 0.27, suggesting that while most regions meet the highest audit standards, a minority of local governments still fall short.

The **(LOSR)it** variable, which reflects local own-source revenue, records an average annual value of IDR 559.50 billion, with a notably large standard deviation of IDR 2,397.90 billion. The minimum (LOSR) value is IDR 3.25 billion, while the maximum reaches as high as IDR 45,608.4 billion. This wide range illustrates a profound gap between fiscally constrained regions and large metropolitan areas with substantial revenue-generating capacity. Such sharp contrasts highlight the presence of structural fiscal inequality among local governments throughout Indonesia.

Table 4. Variable Correlation Analysis

Variabel	SDG1 _{it}	CCEI _{it}	QFR _{it}	(LOSR) _{it}
SDG1 _{it}	1.000			
CCEI _{it}	0.187***	1.000		
	0.000			
QFR _{it}	0.127***	0.131***	1.000	
	0.000	0.000		
(LOSR) _{it} *	.309***	0.253***	0.159***	1.000
	0.000	0.000	0.000	
Number of Observations = 990 Explanation of Variable Operationalization as Presented in Table 1 *** = P-values significant at the 1% levels, respectively				

Sumber: Data sekunder, output STATA-17 (Diolah, 2025).

Table 3 presents the results of the correlation analysis among variables, providing an initial overview of the relationships between the key constructs examined in this study. The significant correlations identified among Corruption Control (CC) measured using Corruption Control Effectiveness Index (CCEI), Quality of Financial Reporting (QFR, measured by audit opinions), Local Own-Source Revenue (LOSR), and SDGs indicate meaningful interactions between these variables, thereby reinforcing the suitability of the empirical model for hypothesis testing in subsequent regression analyses. These findings suggest that the effectiveness of corruption control, the quality of financial reporting as an indicator of fiscal transparency, and regional fiscal capacity, as reflected by (LOSR), are interdependent elements that contribute to the expansion and equitable provision of basic sanitation services across local government jurisdictions.

Furthermore, the significant correlation between Corruption Control (CC) and Local Own-Source Revenue (LOSR) indicates that regions with higher fiscal capacity tend to exhibit stronger oversight and corruption control mechanisms. This implies that the availability of fiscal resources plays a crucial role in enhancing the capacity of internal control institutions. Such a correlation suggests that high fiscal capacity is not only instrumental in financing public services but is also critical in strengthening fiscal governance through more effective corruption control.

In addition, Quality of Financial Reporting (QFR) also shows significant correlations with both (LOSR) and Corruption Control (CC), underscoring the interconnection between financial statement accountability, public sector governance integrity, and the fiscal capacity of local governments to manage their financial responsibilities responsibly. Overall, the observed pattern of inter-variable relationships supports the theoretical foundation of Good Governance, which asserts that effective and efficient fiscal management fundamentally relies on the alignment of transparency, robust internal control systems, and regional fiscal autonomy to promote inclusive and sustainable development goals.

Hypothesis Testing

The hypothesis testing in this study was conducted using multiple linear regression to assess the influence of the independent variables on the dependent variable. This approach was employed to estimate the linear relationship between Corruption Control (CC) measured using the Corruption Control Effectiveness Index (CCEI), Quality of Financial Reporting (QFR) (measured by audit opinions), and Local Own-Source Revenue (LOSR) on access to basic sanitation services. The analysis was performed using STATA version 17. The results of the hypothesis testing are presented in the following table.

Table 5. Hypothesis Testing Results

Variable	Expected sign	SDGs1 (Sanitation)
Cons		-3.237
		0.692
CCEI	H1 : (+)	3.256***
		0.000
QFR	H2 : (+)	3.631**
		0.023
(LOSR)	H3 : (+)	2.848***
		0.000
Prob > F		0.0000
Adj R-Squared		0.1134
Obs		990
Mean VIF		1.07

Sumber: Data sekunder, output STATA-17 (Diolah, 2025).

Based on the hypothesis testing results presented in Table 4, it can be concluded that the three independent variables examined Corruption Control (CC, measured using the Corruption Control Effectiveness Index (CCEI), Quality of Financial Reporting (QFR, measured by audit opinions), and Local Own-Source Revenue (LOSR) exert a positive and statistically significant influence on access to basic sanitation services (SDG 1).

The coefficient for Corruption Control (CC) is 3.256, significant at the 1% level, indicating that higher effectiveness in corruption control contributes to improved sanitation access. Quality of Financial Reporting (QFR), with a coefficient of 3.631 and significance at the 5% level, confirms that better financial reporting quality enhances sanitation service provision. Meanwhile, (LOSR), with a coefficient of 2.848 and significance at the 1% level, demonstrates that regional fiscal capacity plays a crucial role in supporting the provision of sanitation services.

Overall, the regression model is statistically significant (Prob > F = 0.0000) with an Adjusted R-Squared value of 0.1134, indicating that the model explains approximately 11.34% of the variation in access to basic sanitation services across regions. Although the model accounts for only 11.34% of the variation in sanitation access, the findings provide robust evidence of a meaningful relationship between local fiscal governance and the achievement of sustainable development objectives, particularly in the area of basic sanitation.

These results also suggest that other factors not included in the model such as poverty levels, population density, urbanization, regional capital expenditure, infrastructure quality, and support from General Allocation Funds (DAU) and Special Allocation Funds (DAK) may influence sanitation access. Therefore, this study underscores the importance of effective fiscal governance while also highlighting the need for future research to incorporate these additional variables to achieve a more comprehensive understanding of the determinants of sanitation access at the local government level.

DISCUSSION

Overall Findings and Regression Analysis

The results of the multiple linear regression analysis indicate an Adjusted R-Squared value of 0.1134. This suggests that the regression model employed in this study explains approximately 11.34% of the total variation in access to basic sanitation services across regions. Although this proportion is relatively modest, it provides an initial indication that other unobserved factors beyond the selected independent variables namely, Corruption Control (measured using the Corruption Control Effectiveness Index (CCEI), Quality of Financial Reporting (QFR), and Local Own-Source Revenue (LOSR) may also contribute to disparities in sanitation access across regions. Moreover, the Prob > F value demonstrates that the overall model is statistically significant at the

99% confidence level ($p < 0.01$), indicating that the combination of the three independent variables significantly explains the variation in sanitation access.

Furthermore, the findings reveal that Corruption Control (CC), Quality of Financial Reporting (QFR), and Local Own-Source Revenue (LOSR) each exert a positive and statistically significant effect on access to basic sanitation services. These results underscore that transparent, accountable, and effective fiscal governance at the regional level plays a crucial role in supporting the achievement of sustainable development goals, particularly SDG 1, which emphasizes poverty alleviation through the provision of adequate basic services.

Corruption Control and SDG 1 (Basic Access to Sanitation)

Corruption remains a major obstacle to improving quality of life. As noted by Guritno and Mangkunegara (2022), despite increasing development budgets, poor governance and corrupt practices often prevent public services from reaching the most vulnerable populations. Getie Mihret (2014), emphasizes that corruption can be mitigated through good governance practices, including fostering a culture of uncertainty avoidance. This perspective aligns with Hope, (2022), who highlights that corruption and bribery have detrimental effects across all SDG sectors, posing significant risks to development progress, particularly in developing countries.

The regression estimation results indicate that Corruption Control (measured using the Corruption Control Effectiveness Index (CCEI) has a positive and statistically significant effect on access to basic sanitation services, with a coefficient of 3.256 at the 1% significance level. This finding provides empirical support for Hypothesis 1 (H1), which posits that higher corruption control effectiveness in a region is associated with greater public access to adequate sanitation services. These results are consistent with the principles of Good Governance, particularly the emphasis on the rule of law and accountability as core pillars of clean, results-oriented governance.

Previous studies by Ahmed and Anifowose (2024) ; Gallego-Álvarez et al. (2025) ; Mombeuil and Diunugala (2021) ; Setiawan et al. (2025) similarly report that effective corruption control significantly contributes to the broader achievement of sustainable development goals. Moreover, E. Malelea et al. (2024) found that strong internal government oversight mechanisms play a crucial role in enhancing the provision of essential services such as clean water and sanitation.

Quality of Financial Reporting and SDG 1 (Basic Access to Sanitation)

Research by Kahar et al. (2023) shows that the quality of budget planning and the effectiveness of local government audits significantly influence improvements in public service performance. In this context, accurate and reliable financial statements serve as a vital foundation for efficient and targeted budget management. These findings are consistent with those of Dina Rizky Ramadhani (2025), who report a positive relationship between unqualified audit opinions (WTP) and societal well-being, as regions with favorable audit outcomes are better equipped to allocate public funds effectively to meet basic needs.

Furthermore, the regression results indicate that the Quality of Financial Reporting (QFR) significantly and positively affects access to sanitation, with a coefficient of 3.631 and a p-value of 0.023. This supports Hypothesis 2 (H2), suggesting that the quality of audit opinions especially unqualified (WTP) opinions reflects more transparent and accountable budget governance, which directly contributes to improved public services, including sanitation. This conclusion is reinforced by studies such as Furqan and Din (2019) ; Ling (2023) ; Zahra et al. (2024), which link audit quality to public welfare outcomes. The findings also align with the transparency principle of the Good Governance framework as promoted by the Bank (1992) ; United National Development Program (1997). Similarly, Abdullah et al. (2020) demonstrate that positive audit opinions enhance the fiscal legitimacy of local governments and improve service delivery. Complementary evidence from Furqan et al. (2020) shows that accrual-based financial reporting systems yield more accurate and relevant information to support decision-making in the provision of essential services.

Local Own-Source Revenue and SDG 1 (Basic Access to Sanitation)

The variable representing Local Own-Source Revenue (LOSR) has a coefficient of 2.848 and is statistically significant at the 1% level ($p = 0.000$), thus validating Hypothesis 3 (H3). This suggests that greater fiscal capacity enables local governments to allocate more resources toward inclusive sanitation infrastructure and programs.

These findings support arguments presented by Gulo et al. (2023) ; Hall and O'Hare (2023) ; Riviando et al. (2019), who highlight the significant contribution of LGR to improvements in the Human Development Index (HDI). Additionally, studies by Kahar et al. (2023) as well as E. Malelea et al. (2024), emphasize that fiscal capacity is a key determinant of development outcomes. Abdullah et al. (2020), further show that fiscal incentives linked to favorable audit opinions can increase LGR, ultimately strengthening public service delivery. In this context, LGR reflects the principles of efficiency and responsiveness within the broader framework of good governance.

Theoretical Implications and Link to Good Governance

Theoretically, this study affirms that the three independent variables Corruption Control, Financial Report Quality, and Local Own-Source Revenue (LOSR) are closely linked to the core dimensions of Good Governance. Corruption Control (CC) reflects the principles of rule of law and accountability; QFR represents financial transparency and accountability through audit opinions; while (LOSR) embodies efficient and responsive fiscal capacity to meet community needs. The synergy among these three dimensions supports the achievement of the Sustainable Development Goals (SDGs), particularly Target 1.4.1, which emphasizes the importance of inclusive and equitable access to basic services for all segments of society.

CONCLUSIONS

This study examines the influence of Corruption Control (CC, measured using the Corruption Control Effectiveness Index/CCEI), Quality of Financial Reporting (QFR, measured by audit opinions), and Local Own-Source Revenue (PAD/LGR) on access to basic sanitation services within the framework of achieving SDG Target 1.4.1, utilizing panel data from 495 local governments in Indonesia over the 2021–2022 period, with a total of 990 observations. The results of the multiple linear regression analysis indicate that all three independent variables have a positive and statistically significant effect on sanitation access. The coefficient for Corruption Control is 3.256 ($p < 0.01$), indicating that higher corruption control effectiveness contributes to improved sanitation access. QFR has a coefficient of 3.631 ($p < 0.05$), suggesting that higher-quality financial reporting supports better service delivery, while PAD/LGR has a coefficient of 2.848 ($p < 0.01$), demonstrating that greater fiscal capacity facilitates the provision of adequate sanitation infrastructure. Although the Adjusted R-Squared is only 0.1134, indicating that the model explains approximately 11.34% of the variation in sanitation access across regions, the findings provide empirical evidence of the relevance of sound fiscal governance in advancing sustainable development outcomes.

From a practical perspective, the study recommends that local governments strengthen corruption control in a structural and systemic manner, improve the quality of financial reporting as a key indicator of transparency and accountability, and optimize PAD/LGR through efficient asset management, leveraging local economic potential, and enacting regulations that promote investment and community participation. This integrated approach is expected to expand equitable access to sanitation services.

The study has several limitations. It only considers sanitation as the sole indicator of SDG Target 1.4.1, excluding other dimensions such as access to safe drinking water, adequate housing, or productive assets. The study relies exclusively on aggregated secondary data, which may not fully capture local socio-cultural and political dynamics. In addition, the non-experimental quantitative design cannot completely eliminate confounding variables. Therefore, the results and policy recommendations should be considered preliminary and require further validation through more context-sensitive and evidence-based studies.

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