

The Impact of Internal Control on the Achievement of Good Government Governance

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This study aims to determine the effect of internal control over the achievement of Good Government in the City Government. The analytical method used is simple linear regression analysis, namely the t test with the Statistical Package for Social Sciences (SPSS) version. 24 The results of the study indicate that internal control has a positive and significant impact on the achievement of Good Government Governance in the Government. The test of the determination coefficient shows the value of R Square of 0.719; this indicates that the ability of the independent variable explains the dependent variable with a determination coefficient of 71.9%, while the remaining 28.1% is explained by other variables not examined. This shows that the better the internal control that is carried out, the higher the achievement of Good Government Governance will be.

Key words: *Internal Control, Good Government Governance.*

Introduction

Background

Public sector organisations, in this case the government, have experienced changes in the government system from centralisation to decentralisation, encouraging the need for improvements in management and accountability with the enactment of regional autonomy policies. This shows that financial management is fully oriented to the regional government. The implementation of regional autonomy in Indonesia was carried out after the issuance of Law No. 32 of 2004 concerning Regional Governments regulating and managing government affairs on their own, based on economic principles. This is updated by Law No. 12 of 2008, regarding the birth of *local governments* (they are given the authority to take care of their regional interests) (Irfan *et al.*, 2017). Thus the success of implementing regional autonomy is

largely determined by the preparation and capability of the region itself in managing and empowering all the potential and available resources (Ruspina, 2013).

Good and clean government in the order of the life of the nation and state must be based on behaviour that is characterised according to the principles of *Good Government Governance* (Irfan *et al.*, 2017). Mardiasmo (2004) argues that the implementation by a country of *Good Government Governance* means that the administration of the country is based on the principles of participation, rule of law, transparency, responsiveness, consensus-oriented, fairness, effectiveness and efficiency, accountability, strategic vision and mutual relations. Salam (2004) also argues that good and clean government takes place in communities that have effective social control, which is characteristic of democratic societies whose governmental power is limited and cannot act arbitrarily against citizens – including abuse of authority and acts of corruption, collusion and nepotism (KKN). Formulation of article 3 of Law No. 28 of 1999 concerning the organisation of a clean country free of corruption, collusion and nepotism, has been explicitly and limitedly regulated in the principles of good governance. All these principles must be basic guidelines for government officials in carrying out staffing duties.

Many factors influence the implementation of *Good Government Governance* in regional government, one of which is the internal control system. The internal control system according to Government Regulation No. 8 of 2006, is a process that is influenced by management created to provide adequate confidence in the achievement of effectiveness, efficiency, compliance with applicable laws and regulations, and the reliability of the presentation of government financial statements.

The Minister of Home Affairs Regulation Number 40 of 2010 concerning the implementation of the government's internal control system within the Ministry of Internal Affairs states: each independent work unit within the Ministry must implement SPIP as referred to in Article 2 paragraph (2), which includes; Environmental Control, Risk Assessment, Control Activities, Information and Communication and Monitoring. In addition, internal control in its implementation must be tested for effectiveness. Determination of whether the control has been implemented in accordance with the design that has been made, and whether the implementation already has the authority and qualifications needed to implement these controls effectively, is the goal of carrying out internal control testing (A.Arens, 2008 in Habibie, 2013).

The background that the researcher described above shows there is a *research gap* from several previous studies, which also raised the same variable. For example, there is research that states that Internal Control has a positive effect on *Good Government Governance*, while other studies have a negative effect.

Based on the above description there are differences that occurred with previous research, namely the object under study and the variables used to influence *Good Government*



Governance. The opinions above make things interesting to study. For this reason, the researcher conducted a study entitled; "The Impact of Internal Control on the Achievement of Good Government Governance".

Formulation of the Problem

Based on the description above, the author draws on a problem that can be raised, namely "whether internal control impact influences and attains the achievement of *Good Government Governance* In City Government"

Research Objectives

The purpose of this study is "to determine internal control impact on the achievement of *Good Government Governance* in the City Government."

Benefits of Research

Through this research, it is expected that benefits can be taken for all interested parties. The results of the analysis obtained in this study are expected to provide the following benefits:

a. Benefits for Organisations

The results of this study are expected to be input for City Government, Internal Control impact on the Achievement of *Good Government Governance*.

b. Benefits for Researchers

This research is expected to contribute to the knowledge, insights and understanding of the author, especially regarding Internal Control impact on the Achievement of *Good Government Governance*.

c. Benefits for Other Parties

In addition to information, references, and comparison for further discussion, so the development of knowledge can benefit other parties in need.

Scope of Research

In order for this study to be directed and not deviate from the existing problems, the scope of this study only tests the Internal Control impact on the Achievement of *Good Government Governance* in the City Government.

Literature Study

A. *Internal Control*

Control is a useful method for management to maintain the wealth of the organisation and improve the effectiveness and efficiency of performance (Anggreini, 2012: 10).

Control according to *COSO* quoted by Sawyer et al. (2005: 61), is an internal control designed to provide adequate confidence in the achievement of the effectiveness and efficiency of operations, reliability of financial statements, and compliance with applicable laws. Whereas according to Mulyadi (2016), the purpose of the internal control system is:

- a. Maintaining organisational wealth
- b. Checking accuracy and reliability of accounting data
- c. Encouraging efficiency
- d. Encouraging compliance with the management policy

The Component of Internal Control

Kumaat (2011: 16), Internal Control is increasingly based on various factors that still need to be further articulated, such as human factors that interact with each other in a business environment that shape corporate values, the presence of intrinsic risk or potential risks that are less readable on *historical /current* data, and weaknesses in internal communication. According to Sukrisno (2004), internal control consists of five components as follows:

- a. Environmental Control
- b. Estimating Risk
- c. Control Activities
- d. Information and Communication
- e. Monitoring

Internal Control Elements

Mulyadi (2016), states the main elements of the internal control system are:

- a. Organisational structure that separates functional responsibility explicitly.
- b. System of authority and recording procedures that provide sufficient protection against wealth, debt, income and costs.
- c. In organisations, each transaction occurs only on the basis of authorisation from an official who has the authority to approve the transaction.

- d. Healthy practice in carrying out the duties and functions of each organisational unit.
- e. Employees whose quality is in accordance with their responsibilities.

Limitations of Internal Control

Sukrisno (2014), says limitations on internal control are as follows:

- a. Errors in consideration of
- b. disorders of
- c. collusion
- d. Neglect by management
- e. Costs versus benefits of

B. Good Government Governance

Good Government Governance is a concept of good governance in the implementation of the use of political authority and power to manage resources for the development of a solid and effectively responsible community through the creation of legitimate rules and policies and those that refer to people's welfare, decision making, and governance of policy implementation.

The Purpose of Good Government Governance

Kurniawan (2005), suggests the purpose of *Good Government Governance* as follows: "Realising a solid and responsible state administration, as well as efficiency and effectiveness by maintaining the continuity of constructive interactions between state domains, the private sector and society". Good government governance requires the government to be run with the principles of good management so that state resources that are in the management of the government truly achieve the goals for the prosperity and progress of the people and the State. The application of the principles of good governance in the administration of the State cannot be separated from the problem of accountability and transparency in the management of state finance, because the financial aspects of the State occupy a strategic position in the nation building process, both in terms of nature, number and influence on progress, resilience, and stability of the nation's economy (Sari, 2012).

The Concept of Good Government Governance

Functional aspects, aspects of *Good Government Governance* can be viewed from whether the government has functioned effectively and efficiently in an effort to achieve the goals outlined, or just the opposite where the government does not function effectively and inefficiencies occur. Therefore, good governance includes three domains, namely *state* (state or government),

private sector (private sector or business), and *society* (society), which interact and carry out their respective functions. *State* functions to create a conducive political and legal environment, *private sectors* create jobs and income, while *society* plays a positive role in social, economic and political interactions, including inviting groups in society to participate in economic, social and political activities (Sedamaryanti, 2012: 4).

Principles of Good Government Governance

The Organisation for Economic Corporation and Development (OECD) principle of *Good Governance* consists of: *Fairness, Transparency, Accountability, Responsibility* (Agoes, 2004). According to *Word Bank* (Tjokroamidjojo, 2000) there are four important principles of *Good Governance*, namely *Transparency, Accountability, Predictability*, which is the same as the *Rule of Law, and Participation*.

Factors Affecting the Implementation of Good Government Governance

Factors that influence the implementation of *Good Government Governance* in (Ruspina, 2013), are namely:

- a. Implementing human factors (*man*)
- b. Factors of community participation (*public participation*)
- c. Regional financial factors (*funding or budgeting*)

Previous Research

Previous research that was used as a reference in this study was Ruspina (2013), with the title "The Effect of Local Government Apparatus Performance, Regional Financial Management, Government Internal Control System (SPIP) on the Implementation of *Good Governance* (Empirical Study in Padang City Government)". The results showed that the government's internal control system (SPIP) had a significant negative effect on the implementation of *good governance*. This is because there are several indicators of SPI that have not been completely fulfilled or implemented properly. The equation in the research conducted by the author is to use the dependent variable *Good Governance*. Whereas the difference with the research of the author is that the researcher uses a simple regression test, while this study uses multiple regression, and this study has a different scope.

Research Methods

A. Location and Object of Research

The location of this study was the Regional Devices Organisation of Bau-bau City Government. The object in this study is internal control as an independent variable and *Good Government Governance* as the dependent variable in the Bau-bau City Government.

B. Population and Population Samples

Population is a generalisation area consisting of objects / subjects that have certain qualities and characteristics set by researchers to be studied and then conclusions drawn (Sugiyono, 2012). The population in this study are all Regional Device Organisations (OPD) in the City, which numbered 39 OPDs.

Samples are part of the number and certain characteristics set by the population (Sugiyono, 2012). The sampling technique used was *purposive sampling*. According to Sugiyono (2012) *purposive sampling* is a technique of determining samples with certain considerations from researchers. The criteria used are:

1. Head of OPD or Secretary Government scope
2. Head of Sub-Division of Finance in the scope City Government who plays a direct role in realising *Good Government Governance*.

The following is a description of the sample to be used:

Table 1: OPD List

No	Name OPD	Number
1	Regional Secretariat	2
2	DPRD Secretariat	2
3	Regional Inspectorate	2
4	Education and Culture	2
5	Health Service	2
6	Public Works Agency and Spatial Planning	2
7	Housing and Settlement Area	2
8	Civil Service Police Unit	2
9	Fire and Rescue Service	2
10	Social Service	2
11	Manpower Office	2
12	Office of Women's Empowerment and Child Protection	2

13	Food Security Agency	2
14	Environmental Agency	2
15	Population and Civil Registration Administration Service	2
16	Office of Population and Family Planning Control	2
17	Department of Transportation	2
18	Office of Communication and Information Technology	2
19	Office of Cooperatives, Small and Medium Enterprises	2
20	Investment Services and Integrated Services One Door	2
21	Dinas Pemuda and Sport	2
22	Library and Archives	2
23	Fisheries Service	2
24	Tourism Service	2
25	Agriculture Service	2
26	Din as Trade and Industry	2
27	Regional Development Planning AgencyRegional	2
28	Research and Development	2
29	Agency Financial Management Agency, Assets and Regional Revenue	2
30	Personnel and Human Resource Development	2
31	Agency Regional Disaster Management Agency	2
32	Wolio	2
33	District Betoambari District	2
34	Bungi the District	2
35	KecamatanSorawolio	2
36	Subdistrict Murhum	2
37	Subdistrict Kokalukuna	2
38	District of Lea-Lea	2
39	Subdistrict Batupoaro	2
Total		78

Source: *Government Regulation No. 5 of 2016*

Results and Discussion

Table 2: Recapitulation of Test Results Validity and Reliability of Variables Good Government Governance

Indicators Variables	Item	Coefficients Correlation	Sig.	Ket.	Cronbach Alpha	Ket
Transparency	Y1.1.1	0.703	0.000	Valid	0.930	Reliable
	Y1.1.2	0.835	0.000	Valid		
	Y1.1.3	0.819	0.000	Valid		
	Y1.1.4	0.850	0.000	Valid		
	Y1.1.5	0.834	0.000	Valid		
	Y1.1.6	0.886	0.000	Valid		
Participation	Y1.2.1	0.789	0.000	Valid	0.860	reliable
	Y1.2.2	0.662	0.000	Valid		
	Y1.2.3	0.773	0.000	Valid		
	Y1.2.4	0.826	0.000	Valid		
	Y1.2.5	0.655	0.000	Valid		
Accountability	Y1.3.1	0.562	0.000	Valid	0.867	reliable
	Y1.3.2	0.760	0.000	Valid		
	Y1.3.3	0.729	0.000	Valid		
	Y1.3.4	0.785	0,000	Valid		
	Y1.3.5	0.789	0,000	Valid		
Value for Money	Y1.4.1	0.871	0,000	Valid	0.873	Reliable
	Y1.4.2	0.765	0,000	Valid		
	Y1.4.3	0.806	0,000	Valid		

Source: Primary data processed, 2019 (Appendices 4 and 5)

Table 2 shows valid and reliable results. Decisions are taken because Pearson correlation is above 0.30 with a significance level below 0.05 and the correlation coefficient value of *Cronbach alpha* is above 0.60. So it can be concluded that all statement items used as instruments in this study are valid and reliable, or it can be said that the questionnaire used is appropriate as an instrument for measuring each variable.

A. Test Factor Analysis Factor

Analysis test is a test used to see which factors of the indicators that exist in a variable that predominantly influence the formation of these variables. Based on the results of the factor analysis *Emperor-Meyen-Olkin Measure Of Sampling Adequacy* (KMO MSA) on indicators of variables. The results of factor analysis are as follows:

Internal Control

Table 3: Test Results Analysis of Variable Factors Internal Control

No	Indicator	Loader Factor	KMO MSA	Sig
1	Environmental Control (X1.1)	0.794	0.846	0,000
2	Risk Assessment (X1.2)	0.896		
3	Control Activities (X1.3)	0.598		
4	Information and Communication (X1.4)	0.869		
5	Monitoring (X1.5)	0.887		

Source: Primary Data Processed, 2019 (Appendix 6)

Table 3 shows that the results of the factor analysis test for the five indicators are very significant forming an internal control variable with a significant value of 0.000 which means that the overall indicator is very meaningful to the internal control variable. If viewed from the *Emperor-Meyen-Olkin Measure Of Sampling Adequacy* (KMO MSA) test, the value of 0.846 above 0.50 means that the fifth analysis process of the internal control variable indicator can be continued. The most dominant factor forming the internal control variable is the risk assessment indicator (X1.2) with a *loading factor* of 0.896. This reflects that internal control in Bau-bau City Government is based on risk assessment.

Good Government Governance (Y)

Table 4: Test Results Analysis of Variable Factors Good Government Governance

No	Indicators	Loading Factor	MSA KMO	Sig
1	Transparency (Y1.1)	0.956	0.842	0,000
2	Participation (Y1.2)	0.930		
3	Accountability (Y1.3)	0.904		
4	<i>Value for Money</i> (Y1.4)	0.896		

Source: Primary Data Processed, 2019 (Attachment 6)

Table 4 shows that the results of the factor analysis test for the four indicators are very significant forming the variable *Good Government Governance* with a significant value of 0.000 which means that the overall indicator is very meaningful to the variable *Good Government Governance*. If viewed from the *Emperor-Meyen-Olkin Measure Of Sampling Adequacy* (KMO MSA) test, the value of 0.842 above 0.50 means that the process of analysing the four indicators of the variable *Good Government Governance* can be continued. The most dominant factors forming the variable *Good Government Governance* are transparency indicators (Y1.1) with a *loading factor* of 0.956. This reflects that *Good Government Governance* is based on transparency.

B. Profile of Research Variables Judging from Factor Weight and Mean Values

The following section describes the comparison between the average indicators and the results of factor weights and means using software *IBM SPSS Statistics 24*. This is intended to describe each indicator that makes a significant contribution as a variable maker. The average value reflects the respondents' perceptions of the research indicators, while the weight of the factors illustrates the contribution of indicators in the form of variables. Respondents' perceptions of indicators of research variables in terms of the weight value of factors and values *mean* can be seen from the following table:

Table 5: Perceptions of Respondents to Research

Variables Variable	Indicator	Weight Factors	Mean
Internal Control (X)	Control Environment	0.794	4.00
	Risk assessment	0.896	3.94
	Control activities	0.598	4.03
	Information and communication	0.869	3.96
	Monitoring	0.887	3.93
<i>Good Government Governance</i> (Y)	Transparency	0.956	4.02
	Participation	0.930	4.04
	Accountability	0.904	4.03
	<i>Value for Money</i>	0.896	4.01

Source: Data Primary Processed, 2019 (Attachments 3 and 6)

Based on table 5 explaining the internal control of each indicator of the research variable based on the value of factor analysis and (*mean/mean*). This discussion is conducted on both variables, namely (1) internal control, and (2) *Good Government Governance*.

The test results for factor weight values for internal control variables show that risk assessment is the most influencing indicator in internal control, where this indicator is the highest in forming internal control variables with a weighting factor of 0.896. The mean results from the mean score of 3.94. Even though they received less attention from the respondents' responses, they were still in an adequate position, whereas when viewed from the weight of the risk assessment factor it was very dominant so that it was a concern of the local government to identify, assess and analyse internal and external risks related to administrative or financial issues because it would impact on performance.

The results of the factor weight test for the variable *Good Government Governance* show that transparency is the most influencing indicator of the achievement of *Good Government Governance*, this indicator is the highest forming the variable *Good Government Governance* with a weighting factor of 0.956. The mean results from a mean score of 4.02. It can be

concluded that in City Government, there is a policy that is open to the supervision and access of information so that the community can access every aspect of government life.

C. Classical Assumption Test

The Classical Assumption test is a test conducted to assess whether in the regression model there are problems with classical assumptions. To produce a regression model that cannot and is the best, it must fulfil several classic assumptions as follows:

Autocorrelation

The **Autocorrelation** Test is conducted to test whether a linear regression model has a correlation between residuals from one period to another. A good regression model is free from autocorrelation or serial correlation. Detection of autocorrelation can be seen from the *Durbin-Watson* (DW) value as shown in the following:

Table 6: Autocorrelation Test Results

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.848 ^a	.719	.714	.53432375	.719	178.685	1	70	.000	1.736

a. Predictors: (Constant), PI

b. Dependent Variable: GGG

Source: Primary Data Processed, 2019 (Appendix 7)

To detect the presence or absence of autocorrelation, Durbin-Watson testing is carried out with the following conditions:

- DW numbers below -4 have positive autocorrelation.
- The DW number between -4 to +4, means there is no autocorrelation.
- The DW number below +4 means there is negative autocorrelation.

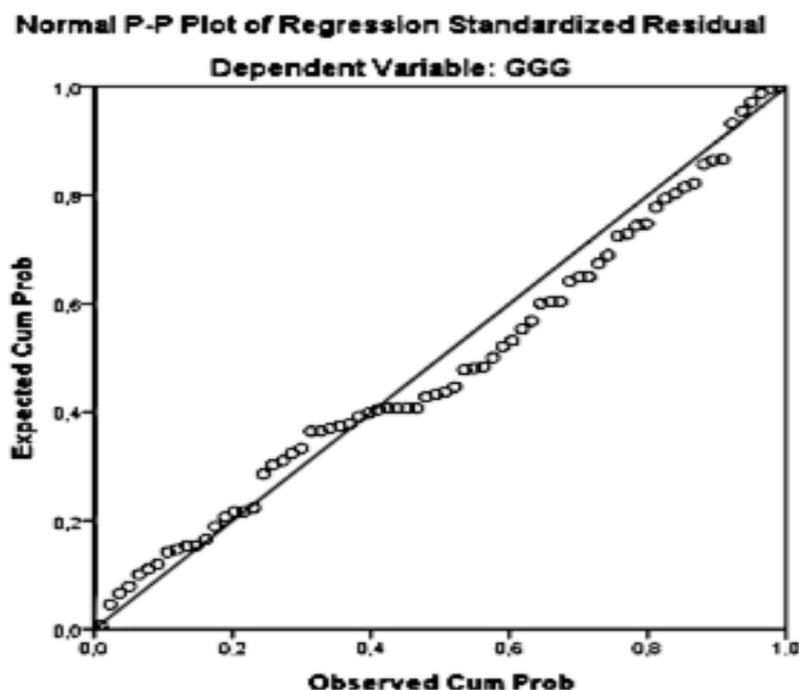
Based on the *output summary* as in the *Durbin-Watson* (DW) number is 1.736, where the number is between -4 to +4, which means there is no autocorrelation.

Normality Test

The Normality Test is done to find out whether in the regression model, the dependent variable and the independent variable are normally distributed or not. A good regression model is a normal or near normal distribution. To test this nomination, it can be seen from the *Normal Probability Plot (PP Plot Test)* and histogram graphs.

If the data spreads around the diagonal and follows the direction of the diagonal line, then the regression model meets the assumptions of normality. If the data spreads far from the diagonal line and/ or does not follow the direction of the diagonal line, then the regression model does not meet the assumption of normality. Then in the histogram the residuals appear normally distributed as indicated by a symmetrical pattern that does not deviate to the right or left.

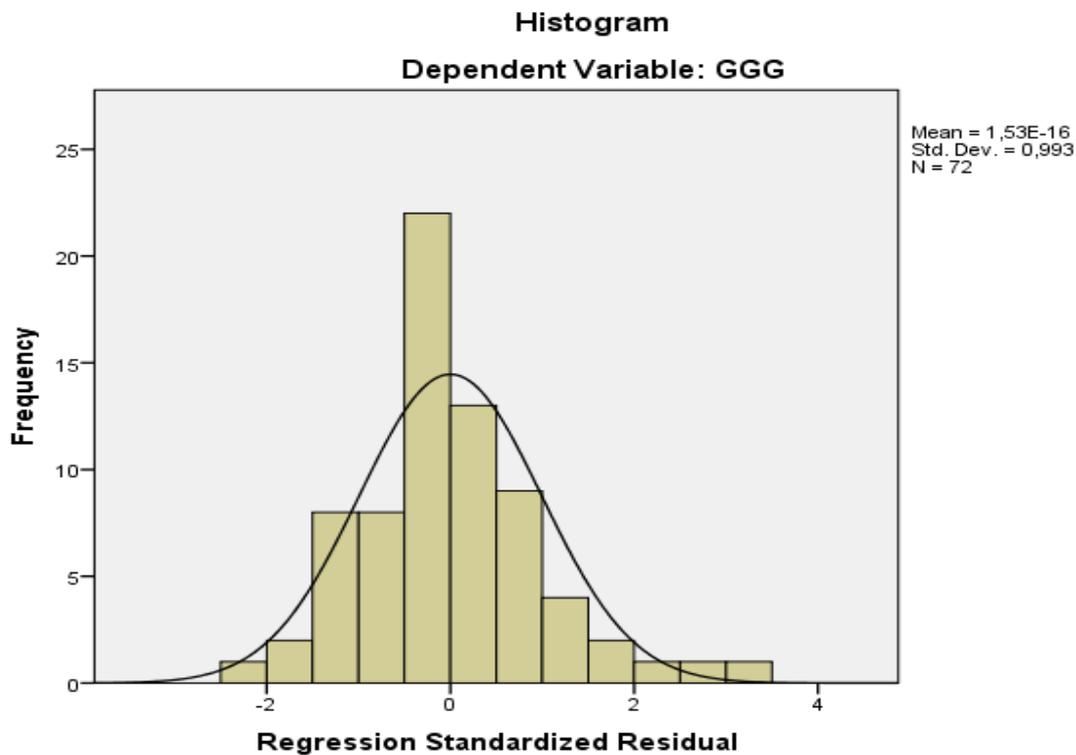
Figure 1. Normal Probability Plot



Source: Primary Data Processed, 2019 (Appendix 7)

Based on the graph *the normal probability plot* above, it can be seen that the points spread around the diagonal line, and the spread follows the direction of the diagonal line. So the regression model is feasible to be used for predictions of *Good Government Governance* in the Bau-bau City Government based on the input of the independent variables.

Figure 2.



Source: Primary Data Processed, 2019 (Appendix 7)

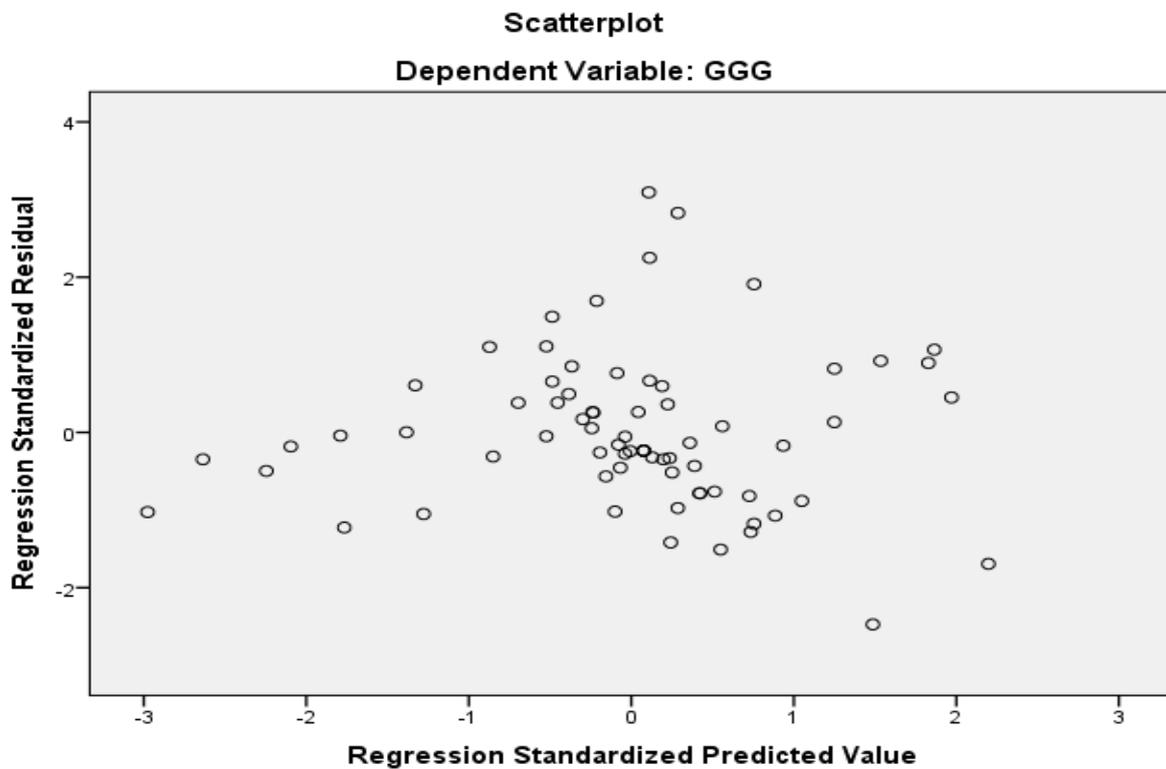
From the histogram graph, it appears that the residuals are normally distributed as indicated by a symmetrical pattern that does not deviate to the right or left. Thus, the regression model has met the assumption of normality.

Heterocedasticity Test

The Heteroscedasticity Test aims to test whether a regression model incurs inequality of variants from residuals from one observation to another. If the variant of the residual one observation to another observation remains, then it is called homoskedasticity and if it is different it is called heteroscedasticity. A good regression model is that heterocedasticity does not occur.

Heterocedasticity tests are carried out through *scatter plots*. Homokedasticity of the independent variable on the dependent variable is fulfilled if the residual value and predictive value do not form a certain pattern and stay away from the scale number 0. The results of the data analysis show the resulting transmitter diagram as follows:

Figure 3. Heterocedasticity Test Results



Source: Processed Primary Data, 2019 (Appendix 7)

Based on the graph *scatter plot*, visually the residual value and predictive value do not form a particular pattern (random), so it can be said that the regression model in this study is free from heteroscedasticity problems and this model is feasible to predict the *Good Government Governance* variable based on input independent control variables internal.

D. Simple Linear Regression Analysis

The results of the research data as described in the variable description, then use a simple regression method that is processed using the *IBM SPSS Statistics 24 program*; this is done to determine whether there is an influence of internal control variables on *Good Government Governance*; the results of processing obtained the values as listed in the table as follows:

Table 7: Results of Simple Linear Estimates of Internal Control of Good Government Governance

Coefficients ^a											
Model		Unstandardised Coefficients		Standardised Coefficients	T	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Partial	Tolerance	VIF
1	(Constant)	-1.113E-15	.063		.000	1.000					
	PI	.848	.063	.848	13.367	.000	.848	.848	.848	1.000	1.000

a. Dependent Variable: GGG

Source: Processed Primary Data, 2019 (Appendix 8)

Based on the estimation results of table 4.16, the relationship between these variables can be described in the following equation:

$$Y = a + 0,848X +$$

Based on the data in table 4.16 above, several things can be stated as follows: Constant value is worth positive that is equal to 0.848, this means that if the Internal Control variable has a constant value or equal to zero, then the *Good Government Governance* will remain at 0.848 or 84.8%.

E. Hypothesis Testing

Internal Control Variables; positive and significant impact on the achievement of *Good Government Governance* can be determined by using the t test, and the coefficient of determination are presented in the following table:

Table 8: Test Summary t, and Coefficient Determination

Variable	t-hitung	t-tabel	sig.	R.Square
X	13.367	1.666	0.000	0.719

Source: Primary Data Processed, 2019 (Attachment 6)

Partial Test (t Test)

Testing of hypotheses can be done by comparing t_{count} with t_{table} and t-sig value with $\alpha: 0.05$. If $t_{\text{count}} > t_{\text{table}}$ or $t_{\text{sig}} < \alpha: 0.05$, then H_1 is accepted or reject H_0 . Conversely, if $t_{\text{count}} < t_{\text{table}}$ or $t_{\text{sig}} > \alpha: 0.05$ then reject H_1 or accept H_0 .

(H₁) Internal Control has a Positive and Significant Effect on the Achievement of Good Government Governance

Table 4.17 shows that the calculation is $13.367 > t_{\text{table}}$ is 1.666 or with a significance level of $0.000 < \alpha = 0.05$, then it can be concluded that H_1 is accepted or H_0 is rejected. This shows that internal control has a positive and significant effect on the achievement of *Good Government Governance*.

F. The Coefficient of Determination (R²)

The coefficient of determination is intended to determine the contribution of internal control to the achievement of *Good Government Governance*, by looking at the value of the coefficient of determination (R^2). Based on table 4.15 it is known that the amount of R^2 (*R-Square*) = 0.719. This shows that the direct effect of the Internal Control variable (X) on *Good Government Governance* (Y) is 71.9%. This means that there are other variables or epsilon variables (ϵ) of 28.1% which affect the Y variable but are not measured in this study.

H. Discussion of the Effects of Internal Control on the Achievement of Good Government Governance

The results of hypothesis testing indicate that the variable internal control has a positive and significant effect on *Good Government Governance*. The influence can be seen from the value of t_{count} greater than t_{table} with a smaller level of significance. This shows that the better the internal control carried out in each OPD in City Government, the higher the achievement of *Good Government Governance*.

Internal control given to each OPD in the Bau-bau City Government in the form of a control environment, risk assessment, control activities, information and communication, and monitoring affects the achievement of *Good Government Governance*. Risk assessment is the most dominating indicator in internal control variables. This can be seen from the average respondent's answer with a score of 3.94 in the good category, and has the highest factor weight value, which is 0.896. Internal control in City Government in terms of identifying, analysing and managing risks that are relevant to organisational activities in achieving objectives and forming a basis for determining risks related to administrative or financial issues that will have

an impact on performance has been managed and implemented to the fullest. However, different cases with control activities are less dominating indicators in internal control variables. If seen from the average answer of the respondents with a score of 4.03, which is in the good category and has the lowest factor weight value which is 0.589. This means that internal control in the City Government in control activities consists of policies and procedures in which there is a policy in achieving overall objectives in general, although it has been implemented well but still needs improvement.

The results of this study are in line with the research conducted by Irfan *et al* (2017) and Jalius *et al* (2017) on the Internal Control System for *Good Government Governance*, which concluded that the internal control system had a positive and significant effect on *Good Government Governance*. However, this research is not in line with the research conducted by Ruspina (2013) on the Effect of Local Government Apparatus Performance, Regional Financial Management and Government Internal Control System (SPIP) on the Implementation of *Good Governance*, where the results of his research state that the internal control system has a negative and significant effect on implementation of *Good Governance*. This is because there are several SPI indicators that have not been fulfilled or implemented properly, where the results of the total achievement of respondents indicate that the assessment of risk has not been carried out optimally.

Government Regulation No. 60 of 2008 defines the internal control system, hereinafter referred to as the internal government control system (SPIP) as follows: "The integral process of actions and activities carried out continuously by the leadership and all employees to provide adequate confidence in achieving organisational goals through effective and efficient activities, reliability of financial reporting, safeguarding state assets, and compliance with laws and regulations". The purpose of effective and efficient activities is government activities that prioritise the interests of the community in the form of institutional activities to produce something that is in accordance with needs through the best use of various available resources. Reliability of financial statements is needed for government responsibility in using public funds. The realisation of public funds must be provided adequately and be easily understood so that it can build public trust in the transparency of the use of regional budgets. With transparency, the community participates in monitoring the security of state assets from possible misuse from internal government parties.

Conclusion

A. Conclusion

Based on the results of research on the Effect of Internal Control on the Achievement of *Good Government Governance* in the Bau-bau City Government, it was concluded that Internal

Control has a significant effect on the achievement of *Good Government Governance* with the Internal Control Beta coefficient of 0.848 and a significance value of 0.000. This means that the better the implementation of internal control, the higher the achievement of *Good Government Governance will be*. This is in line with the objectives of internal control, namely providing adequate confidence in achieving organisational goals, reliability of financial statements, and compliance with applicable laws.

B. Suggestions

The suggestions submitted by the authors of the research that have been carried out include the following:

- a. For City regional government to maintain and improve internal controls that have been built specifically in the field of control activities so that *Good Government Governance* can be implemented and achieved very well.
- b. For further researchers:
 - 1) The results of this study can also be used as input and consideration in order to further develop and expand the scope of research so that it can reveal phenomena that occur in government in good governance.
 - 2) Subsequent research can replace the wider scope of research objects with different characteristics.
 - 3) The next researcher is to include other variables that can influence the achievement of *Good Government Governance*.

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