

Good University Governance and Its Implication to Quality of Financial Reporting in the Public Service Agency

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Abstract

With the presence of higher education autonomy, both in financial and academic fields, provides the opportunity to the higher education to transform it become public service agency. By these alteration, higher education has to apply the principles good university governance that used as a measure of success of public service agency in order to improve the quality of higher education so as competitive global and regional arena. Therefore, this study aims to examine the effect of the role of internal audit unit, the internal control system, the organizational commitment to good university governance and its implications on the quality of financial reports. Research was conducted on IAIN Mataram and Mataram University. The sampling technique by took purposive sampling with criteria public service agency management officer, treasury officials and compilers of financial statements in 60 people. The data analysis utilized partial least square with WarpPLS 4.0 program. The results showed that the role of internal audit unit has a positive effects and there was no significant effect against good university governance, internal control systems and organizational commitment and positive significant effect against good university governance, also good university governance has a positive and significant impact on the quality of financial statements of public service agency. The implications of this study explain the importance of the factors the role of internal audit units, internal control systems and organizational commitment toward to good university governance and developing the quality of financial statements, as described in agency theory, the theory of goal setting and stewardship theory. The leaders should provide support to the internal audit unit to carry out its role as a function of supervision/investigation to the optimum way. The auditors to enhance the independence and professional capability. Improving the internal control system and the organization's commitment to good university governance can be realized so that the quality of financial statements better to increase the Audit Board of the Republic of Indonesia opinion on the financial statements and improve the quality of higher education.

Keywords: Good University Governance, Internal Control System, Organizational Commitment, Quality of Financial Reports

1. Introduction

Research Motivation:

The motivation of this research is to develop the research of Martini, Sari, & Wardhani (2015) on the analysis of the implementation of good university governance through the effectiveness of internal control and organizational commitment. The research found that the application variable of good university governance can be explained by the effectiveness of internal control and organizational commitment of 16%, while the rest influenced by other variables. For that, needs to be studied more about other variables that are not included in the study were associated with increased application of good university governance in the State in southern Sumatra. In addition, to re-examine the research of Yusniyar, Darwanis, and Abdullah (2016) related to the impact of good governance on the quality of the financial statements, where the research was conducted in SKPA Government of Aceh.

Background

Higher Education as a central organizer of *Tridharma Perguruan Tinggi* have autonomy to manage their own institutions, both academic and non-academic, as stated in the PP No. 4 year of 2014 on higher education and university management. In connection with the rights granted autonomy in non-academic fields, namely finance, in line with PP No 23 year of 2005 Jo. PP No 74 year of 2012 concerning financial management of Public Service Agency (BLU). Higher Education as a one of institution that is licensed to apply the pattern of BLU financial management, the financial management can be made more flexible by giving priority to productivity, efficiency and effectiveness. BLU financial management aims to improve the performance in terms of public services based on the results, professionalism, accountability, and transparency. By the wide range of advantages in financial management of BLU, makes many institutions including universities to transform their status into a BLU. According to data of the growing amount of work units BLU-State from 2007 until March 2017, with the status of state universities totaled 80 higher education BLU, this amount includes two State residing in the province, namely IAIN Mataram and Mataram University (“Statistik Badan Layanan Umum,” 2017).

BLU implements the financial management information systems in accordance with the needs of sound business practices, so as a form of accountability and transparency in financial management and service activities have to be able to prepare and present financial statements were qualified to meet the qualitative characteristics of financial statements is relevant, reliable, comparable and understandable (PP No. 71 year of 2010). Financial Statements are equipped with a letter stating that the leader's responsibility BLU contains a declaration that the management of the budget has been implemented by an adequate system of internal control, financial accounting has been conducted in accordance with financial accounting standards, and the truth of the financial statements are the responsibility of the leader of the BLU.

Assessment of the quality of the government's financial statements conducted by the Audit Board of the Republic of Indonesia (BPK) to carry out an audit each year. According to the table 1 can be assumed that the quality of higher education financial statement is still not optimal. Here is the development of BPK opinion on the financial statements of ministries / agencies that houses PK-BLU in the field of education.

Table 1.1 Development of the BPK Opinion on the Financial Statements of the Ministry / Institution that houses PK-BLU education

No	Ministry/Institutions	BPK's Opinion				
		2011	2012	2013	2014	2015
1	Ministry of Religious Affairs	WTP-DPP	WTP-DPP	WTP-DPP	WTP-DPP	WDP
2	Ministry of Research, Technology and Higher Education	WTP	WTP	WDP	WTP-DPP	WDP

Source: BPK Audit Reports on Government Financial Statements 2015

BLU financial statements before submission to the reporting entity are reviewed by the Internal Audit Unit in accordance with Article 11 of PMK No. 76 / PMK.05 / 2008 on accounting and reporting guidelines BLU. The financial statements of IAIN Mataram until 2015 had never reviewed by the Internal Audit Unit due to the limited competence of the apparatus owned. Given these conditions, particularly the Internal Audit Unit personnel competence IAIN Mataram, the leader adopted a policy institute appointed KAP Abdul Hamid and Khairunnas to do a review of financial statements IAIN Mataram. Review that conducted by KAP produces a number of findings related to the presentation of

financial statements, planning, budgeting and administration of assets caused partly by a lack of human resources, accounting system (the manual) and the weakness of the Internal Audit Unit (SPI).

Various problems related to financial management BLU including the key issues of internal control in the management of BLU include SOP yet been compiled, the implementation of policies resulting in loss of potential revenue, a deviation from the regulations on income and expenditure, and others weakness of SPI (Summary of the results of the financial audit BPK Second Half Year 2015). In addition, the audit results in 2015 at 12 Universities, one of them is University of Mataram with the findings of the shortfall on Ministry of Research, Technology and Higher Education asset utilization by third parties amounting to Rp1.23 billion and a loss of potential revenue of Rp1.77 billion (Yohanes, 2016).

By some phenomenas and problems above shows that the financial management of State BLU still not optimal. One of the indicators in performance measurement services for BLU governance in education is a good university governance. Wijatno (2009:126) simply looked good university governance as the application of the basic principles of "Good Governance" in the system and the process of governance in higher education institutions through various adjustments made based on the values which must be upheld in the administration of higher education in particular and education in general , such as transparency, accountability, responsibility, independence and fairness to be applied by each college to realize a quality higher education so it can be competitive regional and global arena.

In addition to problems in terms of practice, the importance of research on the good university governance also because of inconsistent findings of previous studies on the effect of the role of internal audit unit, the internal control system and organizational commitment to good university governance. It can be concluded that the research undertaken by Njanike, Mutengezanwa, & Gombarume (2011), Sari & Raharja (2012), Puspitarini (2012), Sukirman & Sari (2012), Mihaela & Iulian (2012), Suyono & Hariyanto (2012), Saptapradipta (2013), Martini et al. (2015), Yudianti & Suryandari (2015) states the role of internal audit unit, the internal control system and organizational commitment positively affects GOOD UNIVERSITY GOVERNANCE. While research conducted Pratolo (2008), Habibie

(2013), and Rosita (2015) states that the role of internal auditors, the internal control system and organizational commitment has no effect on good governance.

Likewise, the results of previous studies related to the good university governance of the quality of financial reports showed inconsistent results. Research Klai & Omri (2011) states that foreign powers, families, and blockholders reduce the quality of the report; Jamil, Almbaideen, Mamdouh, & Makhoulf (2013), Suryani (2015) and Yusniyar et al. (2016) suggested that good governance affects the quality of financial reporting

Research Questions

With a variety of problems in implementing good university governance as described in the background research and inconsistency results of previous studies, the formulation of the problem in this research is whether the role of internal audit unit, the internal control system and organizational commitment to good university governance? and whether good university governance has implications for the quality of financial reporting?

Research Objectives

This study aims to examine and provide empirical evidence about the influence of the role of internal audit unit, the internal control system and organizational commitment to good university governance, and to examine and provide empirical evidence the good university governance influence on the quality of the financial statements.

2. Theoretical Framework and Hypothesis Development

Good university governance is a step that can support the achievement of the quality of a university. According Wijatno (2009:126), good university governance can be measured by several indicators, namely transparency, accountability, responsibility, independence and fairness. In practice, the overall principle should be applied to achieve a good university governance. If the principles are implemented consistently good university governance can improve the quality of financial reports and

also can inhibit the activity of performance engineering that resulted in the financial statements do not describe the fundamental values of the organization.

BLU financial statements provide information that is useful for decision-making and to demonstrate accountability reporting entity for the resources entrusted to it. Where stewardship theory (Donaldson & Davis, 1991), the management regard as the party can be trusted to act in the best possible way for the public interest in general and shareholders in particular. Implications of the stewardship theory in this research is the steward (in this case is the management BLU) will work as well as possible for the benefit of the principal (minister / head of institution and society). Accordingly, the financial statements will meet the qualitative characteristics of financial statements is relevant, reliable, comparable and understandable.

In relation to good university governance, agency theory (Jensen & Meckling, 1976) explains that the asymmetry of information and conflicts of interest between agents and principals, makes the importance of the Internal Audit Unit BLU among agencies. Where there is a tendency in the implementation of the management of opportunistic behavior BLU makes easy BLU funds misused, so that should be supervision and control of the management of the college that the management is done by full compliance with the various rules and regulations apply. The role of the Internal Audit Unit was measured by five indicators taken from the standard internal audit profession. The five indicators are the independence, professional ability, the scope of internal audit work, the implementation of the inspection activities, as well as the management of the internal audit section (Tugiman, 1997).

Implementation of internal control one very important factor in determining how well the activities have been carried out to achieve the strategic objectives to be achieved. Good internal control support the achievement good university governance that as measured by the five components of internal control, namely the control environment, risk assessment, control activities, information and communication, and monitoring (PP No. 60 years of 2008).

In order to create a high performance organization with high management commitment required of leaders and staff to achieve the desired result (GAO, 2001). This is in line with goal setting theory propounded by Locke (1968), which shows the relationship between the goals set by the performance.

Therefore, in creating the necessary good university governance needed organizational commitment. Organizational commitment is built on trust employees on the organization's values. The willingness of employees to help realize the goals of the organization and loyalty to remain an organization. Commitment organizations consists of three dimensions: affective commitment, kontinuans commitment and normative commitmen(Meyer & Allen, 1997).

Based on the theoretical framework just described, then the model of the research is as below:

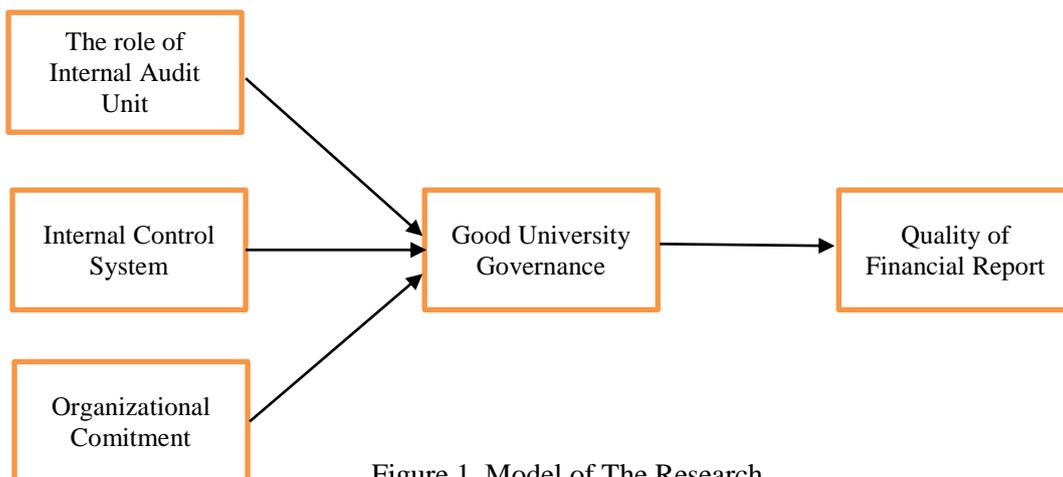


Figure 1. Model of The Research

2.1. The Effect of Internal Audit Unit to the Good University Governance

Internal Audit Unit is an independent appraisal function within an organization to examine and evaluate the activities of the organization are implemented. As work unit BLU then obliged to establish internal audit units (PP No. 23 year of 2005). In accordance with agency theory which states that in order to address the agency problem between the principal (Minister / Head of Institution) and the agent (Management of BLU) arising from asymmetries information and conflicts of interest, will cost the agency that one of them is the monitoring costs (Jensen & Meckling, 1976).

Good university governance implementation efforts, conducted by BLU-state universities with the presence of the Internal Audit Unit which is in charge of examining and evaluating an accounting system and to assess the management policies implemented. Internal Audit Unit role in the achievement of good university governance measured by five indicators taken from the standard internal audit profession. The five indicators are the independence, professional ability, the scope of internal audit

work, the implementation of the inspection activities, as well as the management of the internal audit section (Tugiman, 1997:13).

Research by Sari & Raharja (2012), Sukirman & Sari (2012), Puspitarini (2012), Suyono & Hariyanto (2012), (Saptapradipta, 2013) concluded that the role of the Internal Investigation Unit has a positive effect in achieving good university governance. That is, the better the role of the Internal Audit Unit the better the achievement of good university governance. This is not in line with research conducted by Pratolo (2008) and Habibie (2013) which states that the role of the internal auditor has no effect on good governance. So it can be synthesized that increasing the role of the Internal Audit Unit will affect the governance of an educational institution.

The use of internal audit professional standards in measuring the role of Internal Audit Unit, the expected implementation of good university governance can be achieved, so that the BLU's financial management would be more transparent, accountable, responsible, independent, and fair. Based on the theoretical study and previous research, it can be concluded that the better the role of the Internal Audit Unit in carrying out its duties and functions the good university governance will be more quickly achieved. Thus, the hypothesis proposed in this study is:

H1. *The Role of Internal Audit Unit is has positive effect to the good university governance.*

2.2. The Effect of Internal Controlling System to the Good University Governance

Under PP 60 year of 2008, internal control system is an integral process in actions and activities carried out continuously by the management and all employees to provide reasonable assurance for the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, the safeguarding of state assets, and compliance with regulations legislation. Implementation of internal control is one very important factor in determining how well the activities have been carried out to achieve the strategic objectives to be achieved.

In the agency theory (Jensen & Meckling, 1976) states that the asymmetry of information and conflicts of interest between the principal (minister / head of institution) and the agent (management BLU) can cause agency problems, where the agency problem can be overcome by monitoring and

control of the organization in order in accordance with the rules/regulations in force. Building a strong internal control is imperative for any organization that wants to implement good governance. Control as a mechanism carried out by the executive (government) to ensure the implementation of management policies and systems that achieve organizational objectives (Mardiasmo, 2009: 189). SPI is measured by the five components of internal control, namely the control environment, risk assessment, control activities, information and communication and monitoring.

Research that examines the internal control system to the implication of good university governance carried out by Pratolo (2008), Njanike et al. (2011), Mihaela & Iulian (2012), (Suyono & Hariyanto (2012), Habibie (2013), Saptapradipta (2013), Martini et al. (2015), Suryani (2015), Yudianti & Suryandari (2015) and Yusniyar, Darwanis, & Abdullah (2016), whose results can be concluded that internal control system has positive effect on the application of good university governance. This is not in line with research conducted by Rosita (2015) which found that the government's internal control system does not affect the implementation of good governance.

Based on the theoretical study and previous research, it can be concluded that with the implementation of the components of internal control were better then expected good university governance be achieved by better and more effective. Thus it can be filed the following research hypothesis is:

H2. *Internal Controlling System has a positive effect to the good university governance*

2.3. The Effect of Organizational Commitment to the Good University Governance

Organizational commitment is a state where an employee favoring a particular organization as well as the goals and desires to retain membership in the organization (Robbins and Judge, 2008: 100). Commitment can be created with good organization where every individual in the organization are aware of their rights and responsibilities in the organization regardless of the position and the position of this is due to the achievement of collective goals of the organization. This is consistent with the theory of goal setting (goal setting theory) which states that the relationship between the goals set by the performance.

GAO (2001) stated that high management commitment required of the leadership and staff to achieve the desired results, especially in order to create a high performance organization. Organizational commitment is built on trust workers on the values of the organization. Commitment and high employee loyalty can help organizations realize the objectives that have been determined. Organizational commitment by Meyer & Allen, (1997) consists of three dimensions: affective commitment, continue commitment and normative commitment. The research results of Suyono & Hariyanto (2012) and Martini et al. (2015) who found that organizational commitment significantly influences the implementation of good university governance. This is not in line with research conducted by Pratolo (2008) and Rosita (2015) who found that organizational commitment does not affect the application of good university governance.

Based on the theoretical study and previous research, it can be concluded that the presence of high organizational commitment will lead to a high sense of responsibility and awareness that principles can be applied either good university governance anyway. Thus it can be proposed hypothesis of the study as follows:

H3. *Organizational Commitment has a positive Effect to the Good University Governance*

2.4. The Effect of Good University Governance to the Quality of BLU's Financial Reporting

Good university governance is the application of the principle of good governance that is implicated in higher education. Good university governance is a step that can support the achievement of the quality of a university. According Wijatno (2009:13), good university governance achievement can be measured by several indicators, namely transparency, accountability, responsibility, independence and fairness. In practice, the overall principle should be applied to achieve a good university governance.

The financial statements of BLU is one form of accountability as BLU work unit. Based on the stewardship theory, management BLU State as steward will work best for the interest of the principal, make decisions wisely as possible because according to the stewards, providing maximum service to the principal is a wise choice to achieve organizational goals. Thus the State BLU management is

expected to make a financial report BLU quality based on the qualitative characteristics of financial statements is relevant, reliable, comparable and understandable.

Research that examines the quality of financial reporting good university governance against them carried out by Klai & Omri (2011) suggested that corporate governance mechanism which consists of foreign powers, family and blockholders reduce the quality of financial reporting. states that the effective implementation of the principles of corporate governance affects the quality of financial reporting and make it more precise and feasible. Suryani (2015) states that the good university governance able to explain variations in the quality of financial statements. Yusniyar et al. (2016) found that good governance and positive impact on the quality of the financial statements being.

Based on the theoretical study and previous research, it can be concluded that if good university governance applied consistently, it is expected to improve the quality of financial statements of BLU. Thus it can be proposed hypothesis of the study as follows:

H4. *Good University Governance has a positive Effect to the Quality of BLU's Financial Reporting*

3. Research Method

The research method used in this research is research that is the explanatory research, because it is a study that explains the causal relationship among the variables (Wiyono, 2011:52).

3.1. Population and Research Sample

The population in this research were all employees involved in the financial management in BLU environments are IAIN Mataram and Mataram University. Samples of this research using purposive sampling technique, the sample criteria are BLU management officer, treasury officials and compilers of financial statements BLU as it is considered to have knowledge, understand the procedures and rules of financial management BLU, with a total sample of 60 respondents.

3.2. Data collection technique

The data used in this study are primary data. The collection of primary data by distributing questionnaires to all respondents. The questionnaire study compiled lists the statements in a structured and is closed.

3.3. Research Variable Operational Definition

1. Role of the Internal Audit Unit (X1) is a function of the staff were assessed independently or impartially in an organization to examine and evaluate all activities and report the results of such work to the management as a service charge, and are fully responsible for the management. Measurement of this variable is based on professional standards audit that includes independence, professional ability, the scope of work of internal audit, inspection and management implementation of internal audit section (Tugiman, 1997:13).
2. Internal Control System (X2) is an integral process in actions and activities carried out continuously by the management and all employees to provide reasonable assurance for the achievement of organizational goals through effective and efficient activities, reliability of financial reporting, the safeguarding of state assets, and adherence to legislation. Indicators of assessment, control activities, information and communication, and monitoring.
3. Organizational commitment (X3) is a state where an employee favoring a particular organization as well as the goals and desires to retain membership in the organization. The measurement through affective commitment, kontinuans commitment and normative commitment (Meyer & Allen, 1997).
4. Good University Governance (Y1) is a concept that applies the basic principles of good governance such as transparency, accountability, responsibility, independency, and fairness needs to be applied by each college to realize a quality college (Wijatno, 2009).
5. Quality of financial statements BLU (Y2) is a normative measure that need to be realized in a structured report on the financial position and transactions conducted by BLU. The indicators used

in measuring the quality of the financial statements is the qualitative characteristics of financial statements is relevant, reliable, comparable and understandable (PP No. 71 year of 2010).

3.4. Measurement scale

The scale of measurement used each of these variables is a Likert scale of 5 (Siregar, 2011). Score 1 (STS = Strongly disagree), a score of 2 (D = Disagree), a score of 3 (KS = Less Agree), a score of 4 (S = Agree) and a score of 5 (SS = Strongly Agree).

To determine the value of the category of the results if the assessment questionnaire using the class interval with the formula:

$$\text{Class Interval} = \frac{\text{highest Score} - \text{Lowest Score}}{\text{amount of class}}$$

The highest value in this study was 5 and the lowest value is 1, the number of classes obtained by 5 the class interval as follows:

$$\text{Class Interval} = \frac{5 - 1}{5} = 0,8$$

Thus, it can be classified category ranges of values for each alternative answer to the questionnaire as a guide for classifying the assessment results can be seen in Table 2.

Table 2. Interval of Value Category

Variable Category	Value Category				
	< 1,8	1,8-2,6	2,6-3,4	3,4-4,2	>4,2
The role of Internal Audit Unit (X ₁)	Bad	Poor	Worth	Good	Excellent
Intern Controlling System (X ₂)	Inadequate	Less Sufficient	Adequate enough	Adequate	Very adequate
Organizational Commitment (X ₃)	Worst	Poor	medium	High	Fantastic
Good University Governance (Y ₁)	Bad	Poor	Worth	Good	Excellent
Financial Statements Quality (Y ₂)	Bad	Poor	Worth	Good	Excellent

3.5. Data Analysis Method

Data from the questionnaires were processed using WarpPLS 4.0 application assistance. PLS SEM analysis include two phases, namely: (1) the measurement model (measurement model / outer model), and (2) structural model (structural model/inner model) (Hair, Hult, Ringle, & Sarstedt, 2014: 12). Testing measurement model (outer model) conducted by validity (convergent validity and discriminat validity) and reliability testing (reliability indicator and composite reliability). Inner model is done by looking at the significant value of P-value for influence between the variables based on the hypothesis that was built through the resampling procedure if the criteria of values obtained P-value \leq 0.05 (for a significance level of 5%) it can be concluded significant and vice versa.

4. Results

4.1. Descriptive Statistics Analysis

Questionnaires were distributed in this study a number of 60 questionnaires. By the 60 respondents, 41 male respondents and 19 female participants, with the majority of respondents aged 41-50 years. The majority of respondents have a level of education S1 (Bachelor Degree) and respondents working period majority are over 15 years.

Table 3. Descriptive Statistic

Variable	N	Min	Max	Mean	Std.Dev.
Financial Statements Quality	60	2,88	5	4,18	0,50
Good University Governance	60	2,18	5	4,08	0,63
Role of Internal Audit Unit	60	2,41	5	4,22	0,60
Internal Controlling System	60	2,14	5	4,06	0,62
Organizational Commitment	60	2,56	5	4,16	0,61

From Table 3 it can be seen that the majority of respondents said that the role of internal audit unit included in the excellent category value is an average of 4.22. Judging from internal control system variable, the majority of respondents stated that the internal control system on BLU adequately included in the category, with an average value of 4.06. The average value of 4.16 indicates the organizational commitment that variable organizational commitment on BLU included in the high category. Judging

from good university governance variable, the majority stated that the achievement of good university governance in BLU State entered in both categories with an average value of 4.08. While the variable quality of financial reporting has an average value of 4.18 which shows that the majority of respondents said that the quality of the financial statements included in good category.

4.2. Inferential Statistical Analysis

The variables used in this study is a multidimensional variable, which can be resolved by Partial Least Square (PLS) using Second Order Confirmatory Factor Analysis. The results of testing using WarpPLS 4.0 are as follows:

Outer Model

Outer evaluation model was used to assess the reliability and validity of each construct research.

The outer evaluation results following models:

Table 4. Measurement of the Internal Investigation Unit Role Model, Internal Control Systems, Organizational Commitment, Quality Good University Governance and Financial Statements

Var	Dimensi	Loading Factor		P Value	Dimensi		AVE	CR	Konstruk	
		Estimasi	SE		Validity	Reliability			Validity	Reliability
PstPI	IND	(0.663)	0.127	<0.001	Valid	Reliabel	0,875	0,587	Valid	Reliabel
	KP	(0.835)	0.169	<0.001	Valid	Reliabel				
	LP	(0.642)	0.153	<0.001	Valid	Reliabel				
	PK	(0.855)	0.087	<0.001	Valid	Reliabel				
	MBAI	(0.811)	0.119	<0.001	Valid	Reliabel				
SPI	LPI	(0.490)	0.162	0.002	Valid	Reliabel	0,886	0,618	Valid	Reliabel
	PR	(0.873)	0.133	<0.001	Valid	Reliabel				
	AP	(0.905)	0.149	<0.001	Valid	Reliabel				
	IK	(0.876)	0.135	<0.001	Valid	Reliabel				
	PM	(0.707)	0.124	<0.001	Valid	Reliabel				
KO	AFEK	(0.812)	0.070	<0.001	Valid	Reliabel	0,884	0,718	Valid	Reliabel
	KONT	(0.871)	0.133	<0.001	Valid	Reliabel				
	NORM	(0.858)	0.108	<0.001	Valid	Reliabel				
GUG	TRANS	(0.866)	0.153	<0.001	Valid	Reliabel	0,944	0,771	Valid	Reliabel
	AKUNT	(0.900)	0.152	<0.001	Valid	Reliabel				
	RESPON	(0.887)	0.095	<0.001	Valid	Reliabel				
	INDEP	(0.902)	0.088	<0.001	Valid	Reliabel				
	ADIL	(0.834)	0.158	<0.001	Valid	Reliabel				
KLK	RELEVAN	(0.875)	0.132	<0.001	Valid	Reliabel	0,926	0,757	Valid	Reliabel
	ANDAL	(0.899)	0.125	<0.001	Valid	Reliabel				
	BANDING	(0.851)	0.086	<0.001	Valid	Reliabel				
	PAHAMI	(0.854)	0.105	<0.001	Valid	Reliabel				

Source: Primary Data, 2017

Based on the evaluation of second order model measurements in Table 4, show that (1) The relationship of the five dimensions PstPI to construct PstPI has the largest estimated value ie PK of 0.855; (2) The relationship of the five dimensions to Construct SPI, SPI which has the largest estimated value is AP at 0.905; (3) The relationship of these three dimensions to construct KO, KO that has the largest estimated value is NORM amounted to 0.858; (4) The relationship of the five dimensions to construct GUG, GUG that has the largest value that is INDEP of 0.902; (5) The relationship of the four dimensions to construct KKK, KKK which has the largest estimated value of 0.899 which ANDAL.

These five variables using reflective model measurements, measurements using the validity of dimensions. The dimensions of the construct on average have a good value, convergent validity criteria have been fulfilled AVE value is greater than 0.50. reliability indicator has been met and that the loading factor greater than 0.70 except for the dimensions of the control environment has loading factor of 0.490 (still acceptable). Likewise, the reliability has been met with composite reliability greater than 0.70.

Structural Model (Inner Model)

Testing structural models made after the fulfillment of the criteria for the suitability of the model in theory with empirical data (model fit), the criteria of model fit seen from the average path coefficient (APC), the adjusted average R-squared (AARS), and the average variance inflation factor (AVIF). Based on the model fit table 5 criteria have been met, the p value for the APC and AARS less than 0.05, and the average block VIF (AVIF) is smaller than 5 (Ghozali & Latan, 2014:106).

Table 5. Fit Model Testing Results

Indicator	Value	P Value	Criteria
APC	0.380	P<0.001	P =< 0,05
AARS	0.419	P<0.001	P =< 0,05
AVIF	1.283		AVIF <= 5

Based on Table 5, shows the model fit and P values have been met, so the structural model analysis can be done. Results of testing the structural model presented in Figure 1:

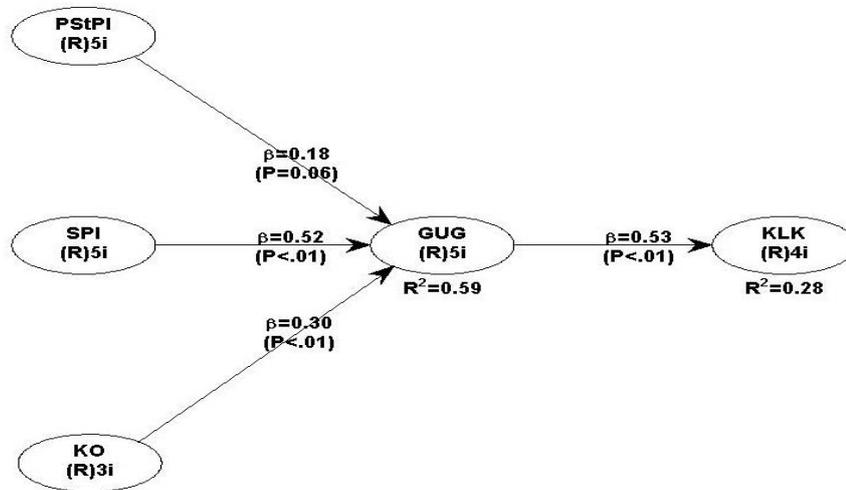


Figure 2. Structural Model Results

Based on estimates of the structural model, it can be summed up results of hypothesis testing as follows:

Table 6. Results of Hypothesis Testing

Path	B	P	Hypotesis	Results
PStPI → GUG	0.178	0.065	H1	Not Supported
SPI → GUG	0.516	<0.001	H2	Supported
KO → GUG	0.299	0.005	H3	Supported
GUG → KLK	0.529	<0.001	H4	Supported

4.3. The Effect of the Role of Internal Audit Unit on Good University Governance

The first hypothesis testing results show that the effect of the role of internal examination of the good university governance unit has a value of path coefficient (β) of 0.178 and is not significant at $P = 0.065$ (above 0.05). Thus, Hypothesis 1, which is the role of internal audit unit has positive influence on good university governance is not supported.

The results are consistent with previous studies of this research is the result of research Pratolo (2008) who found that the management audit is not berpengaruh directly to the application of the principles of good corporate governance. According Pratolo (2008) it is possible because the information generated from peroses management audit has not been used optimally in order to

implement the principles of good corporate governance is mainly indicated by the level of independence of SOEs is relatively low compared with the dimensions of the application of the principles of good corporate governance other.

The findings of this research support agency theory which states that the agency problem can be solved through one oversight mechanism, called the audit. Although not statistically significant test results, but based on descriptive statistics the role of internal audit unit included in either category, but not optimal. It is seen from the respondents' answers, there are shows that the auditors are not exempt from operational work or activity to be audited. This means that the conflict in the role of internal audit unit members who have a dual role, namely as an auditor and a lecturer. The existence of the Internal Audit Unit in BLU-PTKIN work unit still not optimal. This is because the ability of the human resources (HR) is inadequate and professionalism is still low (Slamet, 2014). In addition, support from all management and supervisory board and management commitment to strengthen the role of internal audit unit.

4.4. Effect of Internal Control System of the Good University Governance

The second hypothesis testing results show that the effect of the internal control system of the good university governance has path coefficient (β) of 0.516 with a P value <0.001 (under 0.05). Thus, the second hypothesis is that the internal control system has a positive effect of good university governance restricted is supported.

The previous study was consistent with the results of testing the second hypothesis is the research conducted by pratolo (2008), Suyono and Hariyanto (2012), Habibie (2013), Saptapradipta (2013), Martini et al (2015), Yudianti and Suryandari (2015) and Yusniyar et al (2016) which concluded that internal control system has a positive and significant effect on the good university governance. This means more powerful internal control system in an agency then the application of good university governance will also be getting better. Internal control system is required to provide assurance that the objectives of the organization can be achieved towards the realization of good university governance.

The results of this study support agency theory (Jensen & Meckling, 1976) stating that the differences of interest and the information asymmetry between the principal and agent will cause problems with the agency. To overcome the problem of monitoring and controlling the agency is required to ensure that the management is done by full adherence to the norm of variety and regulations. The internal design control in every neighborhood organizations are expected to provide reasonable assurance on the achievement of the efficiency and effectiveness of operations, reliability of accountability and adherence to the law so that good governance can be realized (Saptapradipta, 2013).

4.5. The Effect of Organizational Commitment to Good University Governance

The third hypothesis testing results show that the effect of organizational commitment to good university governance has a value of path coefficient (β) of 0.299 with a P-values = 0,005 (under 0.05). Thus, the hypothesis 3 that positively affects organizational commitment of good university governance is supported.

The results are consistent with previous studies conducted by Suyono and Hariyanto (2012) and Martini et al (2015) who found that organizational commitment significantly influences the implementation of good university governance. The results also support the goal-setting theory which states that an individual's behavior is governed by the idea (thought) and the person's intentions. If an individual has committed a specific purpose, then this will affect his actions and the consequences. Employees who are committed to the organization will work dedicatedly for employees who have a high commitment to assume that the important thing is to be achieved is the achievement of tasks within the organization. Employees who have high commitment organizations also have a positive outlook and will do our best for the benefit of the organization (Meyer and Allen, 1997). This makes the employee has the desire to give power and responsibility over welfare support and success of the organization where they worked.

4.6. Good University Governance influence on the Quality of Financial Statements

The fourth hypothesis testing results show that the effect on the quality of financial statements GUG has path coefficient (β) of 0.529 with a P-value <0.001 (under 0.05). Thus, hypothesis 4 is GOOD UNIVERSITY GOVERNANCE has positive effect on the quality of financial reporting is supported.

This result is consistent with previous research conducted by Jamil et al. (2013), (Suryani, 2015) and Yusniyar et al. (2016) which concluded that the good university governance affect the quality of financial reporting. These findings also support the stewardship theory where this theory describes a situation where the management is not motivated by the goals of individuals but rather aimed at their main objectives for the benefit of the organization (Donaldson & Davis, 1991). Management is expected to make quality financial reports as a form of BLU against activities that have been carried out. Aside from being a form of liability as BLU work unit, as well as the data and information that is useful as a guide in policymaking. Thus, we can conclude that if the principles of good university governance has been applied properly and consistently, the quality of the financial statements can be implemented optimally.

5. Conclusion, Implication and Limitation

5.1. Conclusion

Based on data analysis and discussion of the results, it can be concluded that the role of internal audit unit has a positive effect and no significant to good university governance in a significant level of 95%. Internal control systems and organizational commitment has a positive effect and significant to good university governance. If the three factors are executed, then the application of good university governance will be more quickly realized. Good university governance has positive and significant impact on the quality of financial statements BLU. If the application of good university governance is consistently implemented, the quality of financial statements will be better.

5.2. Implication

This research can be used by auditors who are in the neighborhood of BLU IAIN Mataram and Mataram University to further strengthen the role of unit of internal audit within the framework of improved governance of universities (Good University Governance) to further enhance the independence and professional capabilities, as well as the necessary support from management and all the management and the supervisory board of internal audit unit BLU thus more able to play its role as a audit function. BLU leaders in order to create and maintain a control environment that lead to positive behaviors and conducive to the implementation of internal control systems in the workplace. BLU leaders also pay more attention to the presence of employees by providing a fair reward and punishment so as to increase the commitment of the organization to achieve good university governance so as to improve the quality of financial statements to be more useful as a basis for decision making.

5.3. Limitation

Some of the limitations in this study: first, the study examined only three variables that affect good university governance. Second, of this research is based on the perception of financial management, the results would probably be better if it involves the whole implementing activities in each unit BLU IAIN Mataram and Mataram University. Third, the scope of this study is confined to the BLU IAIN Mataram and Mataram University.

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