

**DETERMINANT OF GOOD GOVERNMENT GOVERNANCE
IMPLEMENTATIONS AND ITS IMPLICATIONS FOR LOCAL
GOVERNMENT PERFORMANCE**

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Abstract

The objectives of this research were to assess empirically the effect of the internal control system, the completion of the audit findings, the organization's commitment to the implementation of good government governance, and assessed the impact of good government governance implementation of local government performance. This research was associative research by using a causal relationship. The research was conducted at the Regional Government of Bima. Respondents who were used in this research consisted of Head of Work Unit (SKPD), Secretary, and Sub-division Chief. Program and Reporting division and also Sub-division Chief. Financial division was 115 people. Data analysis techniques that be used in this research was Structural Equation Modeling (SEM) using SmartPLS Version 3.0.

The results showed that the internal control system, the completion of the audit findings, and organizational commitment gave positively and significantly implementation of good government governance. Moreover, this research also proved that the implementation of good government governance gave a significant positive effect on the performance of the local government. The implication of this research was the implementation of good government governance can be implemented optimally by improving the internal control system, the completion of the audit findings and organizational commitment. By the implementation of good government governance optimally, the government will certainly improve the performance of local governments.

Keywords: Internal Control System, Completion of the Audit Findings, Organizational Commitment, Implementation of Good Government Governance, Local Government Performance.

1. Introduction

Reform era had brought significant changes to the system of the Government of Indonesia, in terms of both political and in terms of the financial administration of the State. People's demand for the establishment of good governance (good government governance) become a challenge for the government to continue to make improvements. There were several factors that affect the application of good government governance. One of the factors was the internal control system. Government Internal Control System (SPIP) related Local Government Finance Report (LKPD) was a process that can be made to provide reasonable assurance on the reliability of financial statements in accordance with government accounting standards (Widyawati et al., 2014). Government Internal Control System (SPIP) should be applied also in an environment of regional work units (SKPD) in order to improve transparency and accountability and improve government performance.

In addition to internal control system, other factors that may affect the implementation of governance, good government was the completion of the audit findings. Audits conducted by BPK RI will not only result in a opinion on LKPD in the relevant fiscal year. Another output was generated on such examinations can also be findings, conclusions, or in the form of recommendations. BPK RI audit performed will be beneficial if the recommendation of the findings of the investigation could create a transparent financial management and accountability (Sari, 2012). This case can be happened when local governments can act on any findings or recommendations made by the BPK RI.

The next factor of affecting the implementation of good government governance was the commitment of the organization. Streers (1977) in Ratifah and Ridwan (2012) explained that organizational commitment is thought to reflect the relative strength of the individual's identification and involvement in the organization. High commitment will affect the employment situation professionally, and with the work situation that professionals will have an impact on increasing the achievement of the target institution/organization of public services in accordance with the principle's of good governance, including an effective, efficient, visionary strategic, results-oriented and transparency (Syafriion et al. 2015). Implementation of good government governance in this era a major priority in the effort to uphold the image of the government, it would have implications on the

performance of local governments. In general, the performance of the accomplishments achieved by the organization in a given period. Measurement performance in one organization was very important as an evaluation and planning in the future. Performance or achievements of the government was the result of the activities/programs that have been budgeted by the government in a given period.

Research on application of good government governance determinants and implications on the performance had been carried out. However, this research was more focused on the internal control system, the completion of the audit findings and organizational commitment variables. Bima became the locus of this research, as reported by the Financial and Development Supervisory Agency (BPKP) NTB No. LEV- LEV-745 / PW23 / 3/2015 dated December 28, 2015, maturity of the Government organizing the Internal Control System (SPIP) Bima Regency at the level of "developed" or level three (3) of the six (6) maturity of SPIP with value of 2.12 (LAKIP, 2015: 36). This suggests that the Milky District Government had implemented internal control practices, but was not well documented, and its implementation depended on the individual, and not involving all organizational units. Control effectiveness had not been evaluated, so many deficiencies that have not been addressed adequately.

In addition to this, the rate of completion of the audit findings Bima regency government was still quite low, this was confirmed by the acting statement Plt. Chief Representative, Mr. Wahyu Priyono at the opening ceremony Monitoring Follow-Up Results of BPK first semester of 2016 said that the District Government Bima was the local government level follow-up of the lowest settlement for the region of NTB representation that was equal to 74.64% based on the monitoring results follow-up examination by BPK Representative NTB on 18-19 December 2015 (<http://www.mataram.bpk.go.id/>). It certainly will affect the business for local governments to create good government governance. Another reason was the Government of Bima district was one of the districts based on the assessment the Ministry of Administrative Reform and Bureaucratic Reform (Kemenpan RB) on Government Performance Report 2015 still got a score of "CC". The obstacle that was faced by the Government of Bima district was performance-related targets set yet results-oriented, but the measure of successfulness was not clear and measurable. Then, the defined activities not related to the target, as well as details of

the activities were still not in accordance with the objectives of the activity. So that maximum efforts were still needed to improve the performance of the government in implementing the public service.

This research was motivated by previous research that has been done by Wiratno et al., (2011) about the commitment of the organization and internal control of the implementation of good governance and the implications for performance, and Sari (2012) about the government's internal control system and the completion of the audit findings to the quality of financial reports and their implications for the implementation of good governance. The differences of this research not only the time and location of the research, but also the variable that was built, which in this research using a variable system of internal control, organizational commitment and the completion of the audit findings as exogenous, while the application of good government governance and local government performance as a variable its endogen previously studied separate. The next difference was the analytical technique used by the researchers, which in this research, researchers used the analytical techniques Partial Least Square (PLS). Based on the above explanation, the key problems that will be addressed through this research are:

- a. Is internal control system, the completion of the audit findings, and organizational commitment affect the implementation of good government governance?
- b. Does the implementation of good governance government influence on the performance of local government?

The aim of this research was to test empirically the influence internal control system, the completion of the audit findings, and organizational commitment to the implementation of good government governance. In addition, this research also examined the effect of the application of good government governance of local government performance.

2. Theoretical Framework and Hypothesis Development

Agency Theory

Agency theory was the theory that confirms or explains the divergence of interests between the principal (grantor trust) with an agent (operations). Jensen and Meckling (1976) defined the agency theory as follows:

"... ..an agency relationship as a contract under the which one or more persons (the principal (s)) engage another person (the agent) to perform some service on their behalf the which involves delegating some decision making authority to the agent. If both parties to the relationship are utility maximizers there is good reason to believe that the agent will not always act in the best interest of the principal. "

Based on the above viewpoint agency theory, the relationship between society (the principal) and the government (the agent) was one example of a form of agency theory. Principal authorizes the setting to the agent, and provide resources to the agents. Being accountable for the powers granted agent is to provide accountability reports to the principal (Santoso and Pambelum, 2008). Associated with the government acting as a relationship with the community as a principal agent in the agency theory argued that because the information asymmetry will happen the government has more informations about available resources area in the form of APBN/APBD compared with the community. This information asymmetry can lead to conflicts between the two parties is commonly called the agency problem. Misuse of information by the government can be in various forms, according to Fadzil and Nyoto (2011) the agency relationship raises some information asymmetry cause such opportunistic behavior, moral hazard and adverse selection.

Actions taken to reduce the agency problem was to perform surveillance (monitoring), control system design and conduct external audits, provide a good information system, or make a contract with a system of incentives to achieve the objectives that have been set. According to Osborne and Gaebler in Akbar et al., (2012) one way that can be done by the government to gain public confidence is to show the results of the government's performance has been reached. By demonstrating the performance results, the agency problems that may occur can be reduced, because society as a principal can see and measure the results of local government performance. Based on these explanations can be concluded that the government must manage and measure performance using the performance measurement system in order to provide better service to the community and to gain public support (Akbar Et al., 2012).

Goal-Setting Theory

Goal-setting theory was part of the motivation theory raised by Locke (1968). Goal setting theory emphasizes the importance of the relationship between the goals set and the resulting performance.

When an individual was committed to a particular destination, then this will affect the actions and consequences affect performance (Locke, 1968 in Kusuma, 2013). Someone who was committed to a goal of having impulse, intensity, and persistence to work hard. This theory also explains that through goal setting challenging (difficult), and measurable results can improve performance.

Goal setting theory approach in this research was the identical of good government governance application and performance of the local government as the organization's goals. The purpose that was understood by an individual will be more effective, especially when individuals feel part of the purpose of creation. The higher an individual's commitment in achieving its goals will encourage the individual to conduct a business more than normal. It had a positive impact for the achievement of individual goals will also affect the achievement of organizational goals.

Local Government Performance

Public Administration Institute/LAN (2003: 3) stated that the performance is an overview of the level of achievement of the implementation of an activity/policy in achieving the objectives, mission and vision of the organization. From the above understanding can be explained that the performance is a process of feedback on past performance that is useful for improving productivity in the future for a continuous process.

Mardiasmo (2009) states that public sector performance measurement was done to fulfill three purposes, namely: (1) To help improve government performance; (2) For the allocation of resources and decision-makers; and (3) Delivering public accountability and improve institutional communication.

2.1 Internal Control System

Definition of Internal Control System according to the Indonesian Government Regulation No. 60 of 2008 on the Internal Control System of the Government was a process that is integral to the actions and activities that are carried out continuously by the management and all employees to provide reasonable assurance for the achievement of organizational goals through effective and efficient , reliability of financial reporting, the safeguarding of state assets, and compliance with laws and regulations. Society as the principal hopes that the government as the agent can realize the desire and

the need for public servants, namely the realization of good government governance. However, the government had more information related to resources owned by local rather than the public led to an asymmetry of information. This prompted the government to improve accountability, transparency, participation on the management of state finances entrusted to the principal as a mechanism of checks and balances in order to reduce the asymmetry of information, improving the performance of government organizations and have an impact on the quality of service provided to the public (Haeli, 2015) ,

One of the government's efforts to suppress the occurrence of these behaviors is to organize the internal control system in all spheres of both central and local government. Research related to the effect of internal control system of good governance have been carried out by Pratolo (2008), Wiratno, et al (2011), Sari (2012), Fadilah (2013), Widyawati, et al (2014), Haeli (2015), and Syafrion, et al (2015) who demonstrate empirically that the internal control affect the implementation of good governance, both in the public and private sectors. As well as research conducted by Yurniwati, et al. (2015) concludes that the control environment in an area determined by the area leadership, marked with the proper placement of the apparatus and the transparency of the rotation policy.

But just the opposite happened in Ruspina research (2013) on the effect of SPIP to the implementation of good governance, in which the results of these studies prove that there is a significant but negative relationship between SPIP with good governance. Based on the theory and the results of previous studies it can be concluded that the better the internal control system, the application of good governance can be accomplished with good governance. So it can be proposed hypothesis as follows:

H1 : Internal control systems a significant and positive effect on the application of good government governance

2.2 Completion of Audit Findings

The examination (audit) was a form of implementation and accountability of management to manage financial and operational organization. The audit of government was something that important in order to provide confidence that the report concerning the financial and operational aspects. The audit was conducted by the government of the Audit Board of the Republic of Indonesia (BPK RI), which is

a high state institution tasked to audit the financial accountability of the President (Mulyadi, 2002). BPK's opinion besides also produce findings related to internal control systems, non-compliance with regulations - regulations, and follow up on improvement of financial management in the future. Without follow-up of the parliament, the executive, the agency examined and officers authorized to carry out an investigation, inspection becomes ineffective and accountability will only be a distant dream (Dwiputrianti, 2008).

The relationship between the community (principal) and the government (the agent) was seen as a contract with the delegation of authority in decision-making. Both sides assumed to always act in the interests of each - each in maximizing the economic benefits expected. The goal difference led to the agency problem. The principal issuing agency problems push of a fee to control so that the agent acted in accordance with its intended purpose. External audit performed by the audit was expected to reduce the agency problem. There are some previous research that has been done by Sari (2012) and Adelia (2015) proved that the completion of the audit findings and significant positive effect on the application of the principles of good governance. This means that with the completion of the follow-up of the audit findings may facilitate the implementation of good government governance. Based on these explanations, it can be proposed hypothesis of the research as follows:

H2 : Completion of the audit findings significant and positive effect on the application of good government governance

2.3 Organizational commitment

According Luthans (2006: 217) organizational commitment was a strong desire that owned by an employee to retain his position as a member of the organization he works, the desire to strive to become part of the organization, and a strong belief in the acceptance of the value - the value and purpose in the organization. Commitment of the organization will create a sense of belonging to employees of the organization. When an employee had a mental attachment with organizational values that exist, then the employee will be responsible for the duties and functions of the principal in accordance with the prescribed rules, so the purpose of local government can be realized. This was consistent with the theory

of goal setting. High organizational commitment encouraged the achievement of the goals set by the organization.

Mowday et al. (1979) suggested that organizational commitment woke up when each individual develops three interrelated attitudes towards organizations and professionals, namely; (1) identification; (2) involvement; and (3) loyalty. According to research conducted by Wiratno, et al (2011), Manik (2014), and Syafrion, et al. (2015) demonstrate that organizational commitment and significant positive effect on the implementation of good governance. But otherwise stated in a research conducted by Pratolo (2008), where the research found that there was no organizational commitment influence managers to application of the principle - the principle of good corporate governance.

Based on previous research and theory can be stated that the higher organizational commitment will make a significant contribution to the implementation of good government governance. So based on these explanations propose the third hypothesis, namely:

H3 : Organizational commitment significant and positive effect on the application of good government governance

2.4 Implementation of Good Government Governance

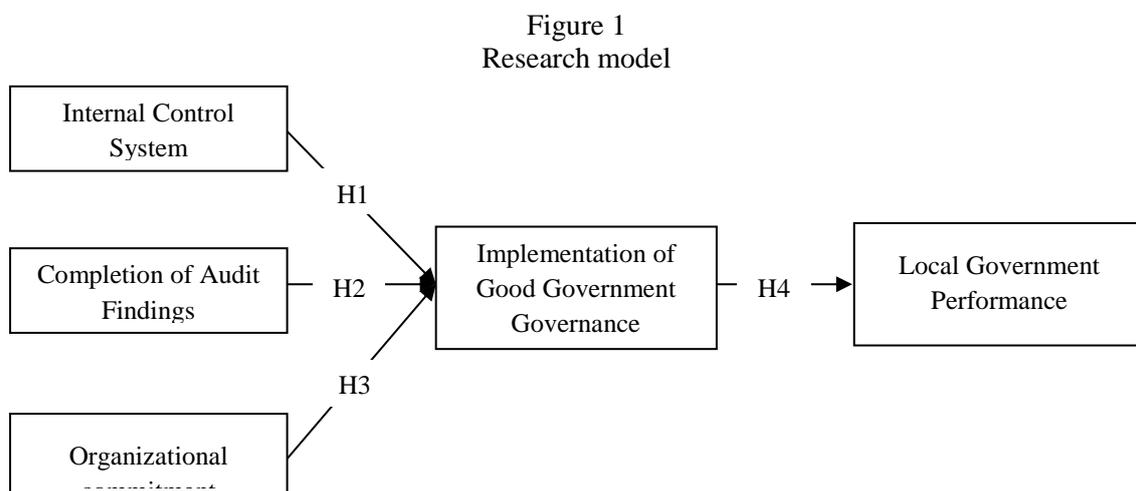
Generally Good government governance are security on the interrelationships between elements - elements of an organization formed by the government, aimed at reaching the goal - policy objectives efficiently and effectively, and communicate openly and provide accountability to stakeholders (Avianti, 2009). The implementation of good government governance believed capable of changing the conditions of public services towards the better. Accountable governance that will have the support of the public was a reflection of the government's commitment to service and program delivery. United Nation Development Program (UNDP) is one of the institutions that sparked the concept states that there are nine basic principles in the concept of good governance by covers (UNDP: 1997): (1) participation; (2) Rule of Law; (3) Transparency; (4) Responsiveness; (5) Orientation Consensus; (6) Equality; (7) Efficient and Effective; (8) Accountability; and (9) Strategic Visionary.

An explanation regarding the agency theory in the application of Good Government Governance was a form of implementation of the mandate of the tasks of the agent to the principal. It was as an effort to maintain a balance between achieving the principal objectives and purposes agent (Pratolo, 2008). Approaches Goal setting theory explained that in realizing the goals set, one determines the action to be performed. This case will impact on the achievement of organizational goals for achieving the individual goals will affect the achievement of organizational goals.

Research on the effects of good government governance of local government performance had been carried out by Pratolo (2008), Wiratno, et al (2011), Fadilah (2013), Azlina and Amelia (2014), Manik (2014), Suprianto (2014), Acintya and Putri (2015), and Putri, et al (2016), which prove that the application of the principles of good government governance positive and significant impact on the performance of both public sector organizations. Similarly, research conducted by Lestiawan and Jatmiko (2015) which concluded that the principles of good government governance consists of the principles of transparency, accountability and participation has influence but not significant to the performance, while justice and responsibility has a significant influence on the performance of the local government. Based on the explanation of the theory and previous research results meant that the better implementation of good governance, it can improve the performance of the organization. So the researchers propose the following research hypothesis:

H4 : Implementation of good government governance positive and significant impact on the implementation of local government performance.

Based on the explanation above, it can be described the research model as follows:



3. Research methods

This research was associative with quantitative approach. Relationships used in this research was a causal relationship. The research population was Secretariat / Board / Office of the scope of Bima District Government, amounting to 29 SKPD. Sampling technique used in this research was a non-probability sampling is saturated, so the sample was 29 sectors in the scope of Bima regency government. Respondents in this research were official associated with the financial management and performance reporting agencies, among others: (1) Head of SKPD; (2) The Secretary of SKPD; (3) Sub division chief. program and reporting division; and (4) Sub division chief. Financial division, which was a whole, amounted to 115 people.

Data collection techniques used in this research was a questionnaire; each SKPD distributed questionnaires and delivered directly by the researcher to the research respondents. Data resources distributed to the respondents. And the research of literature was a way of collecting data from a review of the literature, such as journals, reports, and other references related to the problems studied.

Definition of Internal Control System (SPI) according to the Indonesian Government Regulation No. 60 of 2008 on the Internal Control System of the Government was a process that is integral to the actions and activities that are carried out continuously by the management and all employees to provide reasonable assurance for the achievement of organizational goals through activities effective and efficient, the reliability of financial reporting, the safeguarding of state assets, and compliance with laws and regulations. Indicators of the internal control system used in this research consisted of; control environment (SPI1) risk assessment (SPI2), control activities (SPI3), information and communication technologies (SPI4), and monitoring (SPI5) which is a modification of the research Wiratno et al., (2011) and Sari (2012).

Completion of the audit findings/follow-up on the results of the examination (TLHP) are the activities and/or decisions made by officials who inspected and/or other competent parties to implement the recommendations of the BPK examination (Sari, 2012). Indicators of the completion of the audit findings was modified based on research conducted by Sari (2012), among others: the held completion

of the audit findings of the financial statements on matters relating to internal control (TLHP1) and the implementation of the completion of the financial statement audit findings on matters relating to compliance with the provisions of the legislation (TLHP2).

Robbins (2003) suggested organizational commitment (KO) was one attitude that reflects the feeling of like or dislike for the organization of employment. Organizational commitment indicators used in this research is a modification of the research conducted by Mowday et al (1979), which consists of: identification (KO1), engagement (KO2), and loyalty (KO3).

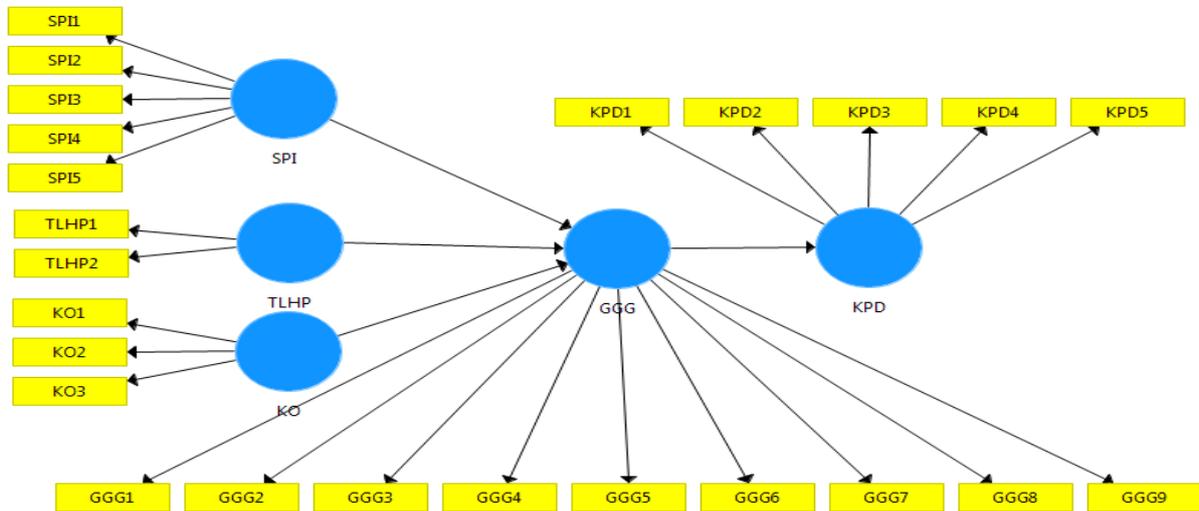
Implementation of good government governance (GGG) was a solid governance and responsible and efficient and effective to keep synergy on constructive interaction between domains - domains exist, namely government, business and society are interconnected and carry out their functions - each (LAN and BPK, 2000). In this research is the application of good government governance is a government that is run by following good management, namely: participation (GGG1), obeys the rule of law (GGG2), transparency (GGG3), responsiveness (GGG4), consensus-oriented (GGG5), fairness (GGG6), efficient and effective (GGG7), accountability (GGG9), and the strategic vision (GGG9), so that the government's goal for the prosperity and advancement of society can be realized. Indicators in this research using indicators developed in research Syafrion, et al (2015).

Public Administration Institute/LAN (2003: 3) stated that the performance (KPD) was an overview of the level of achievement of the implementation of an activity/policy in achieving the objectives, mission and vision of the organization. Performance indicators include many things, but in this research performance indicators used are the input indicators (KPD1), output indicators (KPD2), indicators of results (KPD3), an indicator of the benefits (KPD4), and impact (KPD5) of a program. The indicator was developed based on research conducted by Lestiawan and Jatmiko (2015).

3.1 Procedure Data Analysis

In this research, data were analyzed using analysis tools Partial Least Square (PLS) version 3.0. This research examined the three exogenous variables and two endogenous variables. Here is a picture Structural Model.

Figure 2
Structural Model



Source : *Output PLS (2017)*

4. Result

The object of research used in this research was 29 SKPD in Bima Regency Government. The data used in this research are primary data obtained through questionnaires. Research questionnaire distributed to respondents as many as 115 questionnaires, and as many as 113 questionnaires received back by the researchers so that the rate of return (response rate is) amounted to 98.26 percent. Details of the research questionnaires were distributed to the respondents to the questionnaire research that can be further processed can be seen in Table 4.1 below:

Table 1.
Distribution and Returns Questionnaire

Information	Amount	Percentage
Number of questionnaires distributed	115	100%
The number of questionnaires are not returned	2	1.74%
The number of questionnaires received back	113	98.26%
The amount of which has not been completed questionnaires / disabled	0	0%
Number of questionnaires were analyzed further	113	98.26%

Source: Data processed, (2017)

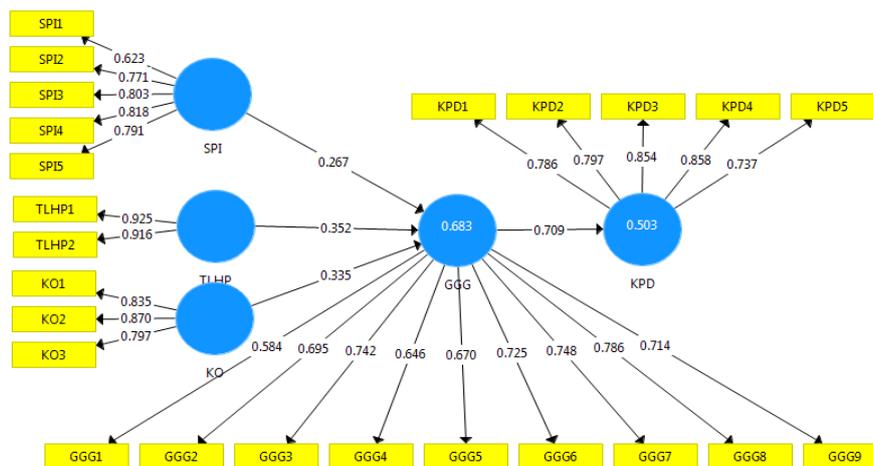
4.1 Data analysis

Analysis of the data in this research used Structural Equation Modeling (SEM) -based variant or commonly called the soft modeling, with using analytical tools Partial Least Square (PLS). Tools or software which is used to predict the effect of latent variables in this research SmartPLS form 3.0.

4.1.1 Outer Testing Model

Tests conducted to test the model outer construct validity and reliability of the instrument. Test the validity of this research were convergent validity and discriminant validity, whereas for the reliability test that is a composite of reliability and Cronbach's Alpha. Here is a picture full model to assess the outer models:

Figure 3
Loading Outer Output PLS Algorithm

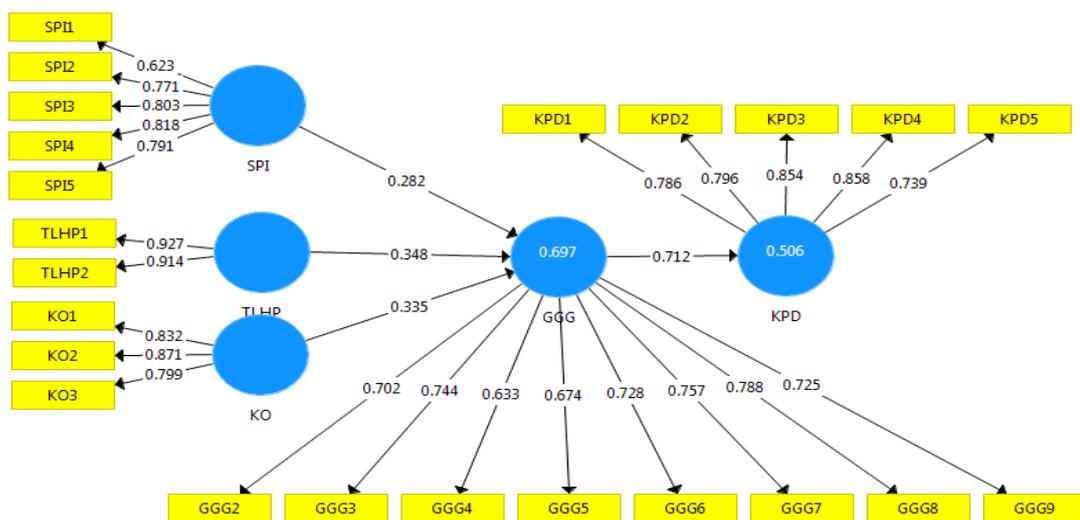


4.1.1.1 Convergent Validity Testing

Convergent validity of measurement models with reflexive indicators can be seen from the correlation between the scores of items / indicators with its construct score (Ghozali and Latan, 2015: 37). Indicators considered valid by convergent validity when the AVE value > 0.50, communality > 0.50 and a value of loading factor > 0.70. However, to research the early stages of the development of the measurement scale factor loading value 0.50 to 0.60 is still considered to be sufficient (Chin 1998 in

Ghozali and Latan, 2015: 74). Based on Figure 3 above it can be seen that there was one loading factor of less than 0.6, which was an indicator GGG1 at 0.584, this meant that the indicators do not meet the convergent validity, so it must be removed from the model. Then after an invalid indicator removed from the model, then do the analysis back PLS Algorithm for phase II testing. Phase 2 testing results presented in Figure 4 below:

Figure 4
Loading Outer PLS Algorithm Output Phase II



Based on the figure 4 above can be seen that after the evaluation outer phase II models showed that all the indicators have values above the loading factor of 0.6 that otherwise meet the convergent validity.

4.1.1.2 Discriminant Validity Testing

Discriminant validity testing can be viewed by cross loading, where a variable was declared invalid if loading cross correlation value with latent variables must be greater than the correlation with other latent variables. Cross loading Results are shown in Table 2 below:

table 2
Results Cross Loading

I / K	GGG	KO	KPD	SPI	TLHP
GGG2	0.702	0.457	0.588	0.619	0.459
GGG3	0.744	0.677	0.582	0.677	0.622
GGG4	0.633	0.431	0.355	0.395	0.472
GGG5	0.674	0.587	0.576	0.374	0.547
GGG6	0.728	0.433	0.556	0.375	0.413

I / K	GGG	KO	KPD	SPI	TLHP
GGG7	0.757	0.600	0.461	0.533	0.538
GGG8	0.788	0.552	0.505	0.567	0.484
GGG9	0.725	0.502	0.423	0.424	0.575
KO1	0.613	0.832	0.402	0.573	0.475
KO2	0.695	0.871	0.425	0.601	0.717
KO3	0.547	0.799	0.428	0.501	0.363
KPD1	0.578	0.434	0.786	0.434	0.376
KPD2	0.577	0.445	0.796	0.413	0.403
KPD3	0.567	0.373	0.854	0.410	0.356
KPD4	0.625	0.436	0.858	0.462	0.450
KPD5	0.521	0.320	0.739	0.354	0.430
SPI1	0.341	0.314	0.245	0.623	0.227
SPI2	0.556	0.586	0.431	0.771	0.461
SPI3	0.592	0.500	0.397	0.803	0.529
SPI4	0.600	0.589	0.485	0.818	0.458
SPI5	0.536	0.529	0.368	0.791	0.390
TLHP1	0.686	0.617	0.459	0.577	0.927
TLHP2	0.634	0.551	0.460	0.441	0.914

Source: Output PLS (2017)

Table 2 above shows that the latent constructs have been predicting the size of the variable block size construct better than the other blocks. In addition the value of cross loading > 0.60 for each variable to construct the variables, thus meeting the requirements of discriminant validity.

4.1.1.3 Composite Testing Reliability

Reliability testing was done by looking at the value of Composite Reliability and Cronbachs Alpha. Otherwise reliable indicators or had a good reliability when the value of Composite Reliability > 0.70 and Cronbachs Alpha > 0.70. The calculation result Cronbachs Alpha and Composite Reliability in this research is shown in Table 3 below:

table 3
Value Composite Reliability and Cronbachs Alpha

	<i>Composite Reliability</i>	<i>Cronbachs Alpha</i>
GGG	0.896	0.867
KO	0.873	0.783
KPD	0.904	0.866
SPI	0.875	0.822
TLHP	0.917	0.820

Source: Output PLS (2017)

Based on Table 3 above showed that the reliability of composite values > 0.70 and Cronbachs alpha > 0.70 , so it can be concluded that all indicators of the construct was to have good reliability or meet the reliability test.

4.1.2 Inner Testing Model

Testing of structural models (inner model) was a structural model to predict the causal relationships between the latent variables through bootstrapping test. R-square value changes can be used to assess the effect of exogenous latent variables specific to endogenous latent variables influence whether substantive. Table 4 below shows the R-square value of this research:

Table 4
R-square value

	<i>R Square</i>
GGG	0.697
KPD	0.506

source: *output* PLS (2017)

Based on Table 4 above, indicate that the R-square value for the variable application of Good Government Governance (GGG) was approximately 0.697, and for the Local Government Performance variables (KPD) of 0.506. These results indicated that 69.7% variable-government implementation of good governance can be explained by the internal control system, the completion of the audit findings, and organizational commitment, while 30.3% was explained by other factors outside the investigation. In addition, the table showed that 50.6% of local government performance variables can be explained by the application of good government governance, while 49.4% is explained by other factors outside the investigation.

The next step was to perform *Goodness of Fit models* measured using Q-square predictive relevance for the model constructs. Q-square measure how well the observed values generated by the model and estimation parameters. In this research, the Q-square value amounted to 0.617 predictive relevance; this indicates that the model has a powerful predictive relevance, since Q-square > 0.35 . In addition, the results of these calculations also showed that the model of this research deserve to explain the endogenous variables.

4.1.3 testing Hipoteseis

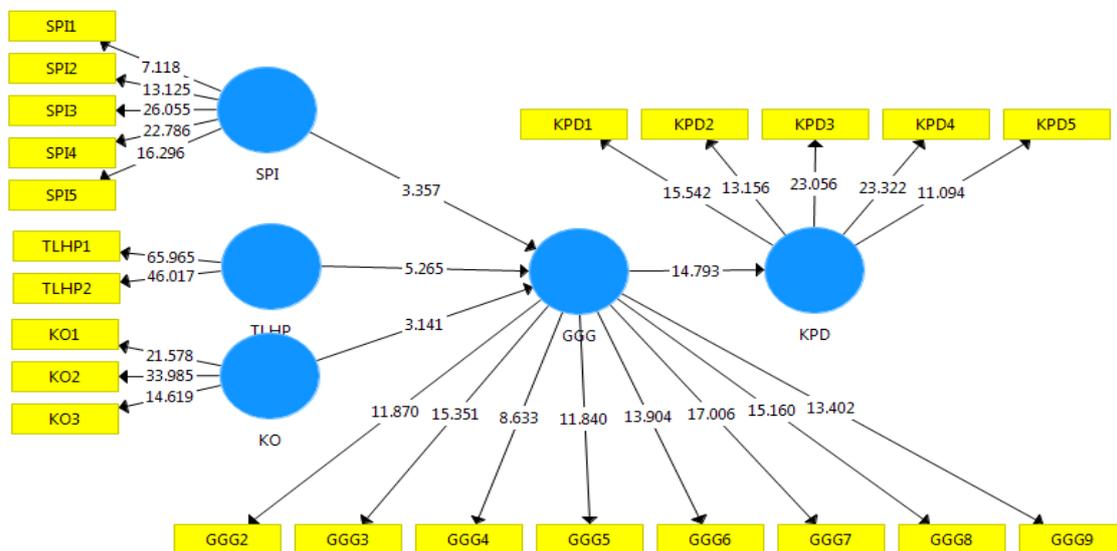
After model analysis was done, the next step was to test the hypothesis. Hypothesis testing was done by comparing the value of the T-table with T-statistics values resulting from the process of bootstrapping in the PLS. Accepted hypothesis (supported) if the value of T-statistics are higher than the value of the T-table (> 1.66) with a significance level of 5% (one-tailed) or p-value < 0.05. PLS bootstrapping process results can be seen in Table 5 and Figure 5 as follows:

Table 5
Hypothesis Based on Path coefisien

	hypothesis	Loading Path	T Statistics (O / Sterr)	P Values	Conclusion
SPI -> GGG	H1	0.282	3.357	0.000	Be accepted
TLHP -> GGG	H2	0.348	5.265	0.000	Be accepted
KO -> GGG	H3	0.335	3.141	0.001	Be accepted
GGG -> KPD	H4	0.712	14.793	0.000	Be accepted

Source: Adapted PLS Output (2017)

Figure 5
Results bootstrapping process



Effect of Internal Control System against Implementation of Good Government Governance

The results of this research indicated that the first hypothesis (H1) who stated that the internal control systems and a significant positive effect on the application of good government governance in

this research declared unacceptable. These results proved that the more effective internal control system implemented in each SKPD Bima regency government, the more it will improve the application of good government governance.

But there was a difference between the results of research with facts based on reports BPK Representative NTB No. LEV - 745 / PW23 / 3/2015 which states that the maturity of the organization of SPIP Bima Fiscal Year 2015 show at the level of "developed". The difference between the results of respondents and the fact very possible because the research was conducted in March 2017, where as the assessment carried out in 2015. During that time range changes occur in the structure of government, improving the quality of human resources (State Civil Administrative/ASN), and improvement of policies related components of internal control systems. So that it affects the quality improvement of the existing internal control systems in the scope of Bima District Government in accordance with the respondents that are based on the knowledge, experience and perceptions experienced.

In the perspective of agency theory, the internal control system implemented in an organization to reduce the agency problems arising from their asymmetry information. Wequivalent responsibility on the authority given agent was to provide accountability reports to the principal (Santoso and Pambelum, 2008). Internal control system had a very important role towards the implementation of good government governance, which according to the PP 60 of 2008 objectives of internal control system was to provide reasonable assurance for the achievement of effectiveness and efficiency in achieving the purpose of the state government, the reliability of financial reporting, security of state assets and compliance with laws and ordinance regulations. When the internal control system did not work effectively in an organization, then there will be a risk for the occurrence of fraud, abuse of authority and misuse of funds, causing obstacle for application of good government governance.

The results of this research were consistent with results of previous studies conducted by Pratolo (2008), Wiratno, et al (2011), Sari (2012), Fadilah (2013), Widyawati, et al (2014), Haeli (2015), and Syafrion, et al (2015) which showed that the internal control system and its significant positive effect

on the implementation of good governance. But this result was not consistent with previous studies conducted by Ruspina (2013) who found that there were significant but negative relationships between SPIP with good governance. Differences in results of such research were possible because there are several indicators of the internal control system at the research object Ruspina (2013) had not been implemented properly.

Influence Completion Audit Findings against Implementation of Good Government Governance

The results of this research proved that the completion of the audit findings and significant positive effect on the application of good government governance in this research declared unacceptable. Based on these test results indicate that the optimal completion of the audit findings, it will encourage the government to increase the implementation of good governance Bima regency government. In the perspective of agency theory, an external audit performed by the audit was one of the measures taken to reduce the agency problem. External Auditors on government agencies in this case was conducted by the Financial Supervisory Agency of the Republic of Indonesia (BPK RI).

Follow-up on audit findings based on the recommendation was an ongoing effort of the local government as an entity. Without follow-up on any recommendations made, the purpose of the examination to reduce the agency problem would not exist. Besides the principle of accountability of financial statements would be more difficult to achieve. So that if the local authorities in the completion of the audit findings implemented optimally, it will lead to the implementation of good government governance.

The results of this research were consistent with previous studies conducted by Sari (2012) and Adelia (2015) which showed that the completion of the audit findings positive and significant impact on the implementation of good government governance, since the completion of the audit findings will create a regional financial reports are more transparent, accountable, efficient and economical so as to improve the application of good government governance in Bima District Government.

Influence of Organizational Commitment against Implementation of Good Government Governance

This research proved that the third hypothesis (H3) which states that organizational positive commitment and significant impact on the implementation of governance, good government in this research declared unacceptable. Based on these test results it can be concluded that the higher organizational commitment it will affect the increase in the application of good government governance. This finding was consistent with the theory of goal setting (goal setting theory), which emphasizes the importance of the relationship between the goals set and the resulting performance. The basic concept of this theory was someone who understands the purpose of the organization will influence the behavior of the person's work. This theory also states that an individual's behavior was governed by the idea (thought) and the person's intentions. The higher the existing organizational commitment at Work Unit (SKPD) increased the implementation of good government governance as one of the goals Bima District Government.

The results of this research were also consistent with previous research, conducted by Wiratno, et al (2011), Manik (2014), and Syafrion, et al. (2015), where the research proved that organizational commitment and significant positive effect on the implementation of good governance. However, these results contrast with the findings made by Pratolo pelitian (2008), where the research found that there was no organizational commitment influence manager to application of the principle - the principle of good corporate governance. According Pratolo (2008) it was possible due to the commitment of the managers was relatively high was not matched by the independence of the company so the commitment was not capable of supporting the application of the principles of good corporate governance.

Effect of Application of Good Government Governance against Performance of Local Government

The results of this research proved that the fourth hypothesis (H4) who stated that the application of good government governance positive and significant impact on the performance of local government declared unacceptable. Based on these results it can be concluded that the better implementation of good governance in government sector departments, it will be better the performance of the District Government of Bima. This finding was consistent with the concept of agency theory was that the implementation of good governance was as a form of government for the implementation of the agreed

contract between the agent by the principal. It was as an effort to maintain a balance between achieving the principal objectives with the aim of agencies (Pratolo, 2008). Meanwhile, related to the concept of goal setting theory, the results of this research are also consistent with the concept that explained that governance in accordance with the principles of good government governance was a form of government commitment to the community that was able to boost the performance of the local government.

The results of this research were consistent with previous studies conducted by Pratolo (2008), Wiratno, et al (2011), Fadilah (2013), Azlina and Amelia (2014), Manik (2014), Suprianto (2014), Acintya and Daughter (2015), and Princess, et al (2016), which prove that the application of the principles of good government governance positive and significant impact on the performance of both public sector organizations. Similarly, research conducted by Lestiawan and Jatmiko (2015) which concluded that the principles of good government governance consists of the principles of transparency, accountability and participation had influence but not significant to the performance, while justice and responsibility had a significant influence on the performance of the Local Government. These research findings reveal that in order to improve the performance of the local government can do to improve the implementation of governance, good government, so that local governments were able to achieve organizational goals, namely the welfare of the community.

5. Conclusions, Implications, and Limitations of Research

This research aimed to test empirically the influence internal control system, the completion of the audit findings, and organizational commitment to the implementation of good government governance. In addition, this research also aimed to examine the effect of the application of good government governance of local government performance. The results of this research can be concluded that the system of internal control positive and significant impact on the implementation of good government governance, completion of the audit findings positive and significant impact on the implementation of good government governance, and organizational commitment positively and significantly to the implementation of good government governance contained in the Government Bima.

In addition, this research also found that the application of good government governance positive and significant impact on the performance of the local government.

The findings of this research revealed that while overall indicators contained internal control systems that exist in every SKPD in the scope of the Government of Bima was conducted effectively, but the monitoring indicators still need to be scaled back, complementing the written procedures regarding the implementation of continuous monitoring through routine management, supervision, benchmarking, and reconciliation. Bima regency government was also not optimally in public participation in the preparation of programs/activities. Supervisory functions of financial management should also be level back so the impact on the implementation of good government governance.

Limitations of this research will provide direction for future research. First, this research examined only three variables that affect the application of good government governance and its implications for local government performance, so it needed further development to add other variables that can influence such as the use of information technology systems, improving the role of internal auditors and supervision held by members DPRD. Second, the scope of this research was only done in the regional work units (SKPD) Government Bima, There by generalizing the findings and recommendations of this research less may apply to the local government or other agencies outside the region Government Bima. Thus, to obtain general conclusions needed to do research with the object of extensive research over the surrounding province or state. Third, to strengthen the results of this research and previous research, it was advisable to use a different analysis tools in future studies.

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