

## **Influence of competency and Internal control system for good governance and local financial management performance**

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**Abstract:** *The research aims to analysis The competence by apparatus and internal control system toward good governance on Wajo Regency Government, to analysis the competence by apparatus and internal control system toward performance of regional financial management on Wajo Regency Government, to analysis the good governance toward performance of regional financial management on Wajo Regency Government, to analysis the competence by apparatus and internal control system through good governance toward performance of regional financial management on Wajo Regency Government on Wajo Regency government. These research applied Regional Government Wajo Regency with population as amount 7,481 employees. Sample as 380 respondents (Slovin Formulation). Data Data from Quesioner to analyzed in used of Structural Equation Model with AMOS 18. The result of research to found that The result of research positive and insignificant from competence by apparatus toward good governance, and competence by appaatus through good governance toward performance of regional financial management. These result required to increased. To found the result of research positive and significant from the internal control system toward good governance, internal control system toward performance of financial management, good governance toward performance of financial management, and the internal control system through good governance toward performance of financial management. These result required to depend it. To found the result of research negative and significant from the competence by apparatus toward performance of financial management. The result of research required to maintenance.*

**Keywords:** *Competence by Apparatus, Internal Control System, Good Governance and Performance of Regional Financial Management.*

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### **I. Introduction**

Wajo District is one of regencies that organizes regional autonomy. In this era of current regional autonomy, the area is given greater authority to regulate and administer its own household. The goal is to bring closer government services to the community, allowing people to monitor and control the use of funds, in addition to creating healthy competition between regions and encouraging innovation. In line with the authority, the local government is expected to explore the resources in particular to meet the needs of government financing and development in the region. The potential sources of reception must be excavated optimally, but of course in the corridor of prevailing legislation.

In the Reformation era, regional financial management has undergone various regulatory changes over time. The change is a series of how the local government can create good *governance* by doing good governance. The regional financial management process begins with the planning or drafting of regional expenditure BUDGET (APBD). APBD is an annual financial plan of local government that is discussed and approved jointly by local governments and DPRD, and stipulated by local regulations. The information contained in the financial statements generated by the local government must conform to the criteria of information value required by the legislation. The local government's financial statement (LKPD) annually will be rewarded with opinions from the Financial Supervisory board. When the financial supervisory body provides unexempted opinion on the financial statements, it means that the Organization's financial statements are presented and expressed reasonably and in quality. Based on the results of the examination from BPK gave the assessment to Wajo District namely WTP (Unexclusion reasonable) from 2015-2019. More details are shown at the percentage of the WTP of Wajo District in the table below:

**Table 1.** Realization OF WTP District, Wajo  
Year 2015-2019

Years	Cap percentage (%)	Description
2015	89.62	Wtp
2016	91.40	Wtp
2017	92.64	Wtp
2018	94.73	Wtp
2019	95.69	Wtp

Source: Local Government of Wajo Regency, 2020.

Based on the above data, indicates that the government of Wajo District has produced a quality financial report. However, although the results of the audit BPK provide encouraging opinions but if it is reviewed from the performance side of the financial management of Wajo District, it still needs to be improved in terms of the competence of administering the regional finance, internal control systems that still need to be improved in its oversight, efforts to perform good governance and achievement of regional financial management to see the ability of the area in the

The following is presented data on the development of the regional original revenue in Wajo district in 2015-2019 can be seen in the following table 2.

**Table 2.** Developments in the revenue realization of asLi District in wajo district2015-2019

Years	Number of PADS Rp	Development	
		Rp	%
2015	55,172,195,463	-	-
2016	70,335,694,882	15,163,499,419	27.48
2017	71,954,656,300	1,680,961,418	2.30
2018	86,346,173,510	14,391,517,210	20.00
2019	97,871,588,978	11,525,415,468	13.35
Average	76,336,061,827	10,674,848,379	15.78

Source: Secondary Data, and reprocessed.

Table 2 above shows that the average development of indigenous revenue in Wajo district for the last 5 years is 15.78% per year. The region's original revenue increased from year to year, but in 2014 and 2016 the increase decreased from the previous year. This indicates that the local financial management performance of Wajo district was declining.

This is a phenomenon that occurs in assessing the financial management performance of Wajo District government. Therefore, it is necessary to observe the root cause of the problem that causes financial management performance to be unrealized according to the expected target. Empirically based on the researcher's observation cause the performance of financial management decreased, seen from the management side of the organization is because of organizational governance that does not work well.

Here is a description of the regional financial management performance in the implementation of the autonomy of DaerAH presented in the following table 3 .

**Table 3.** Performance of financial management ofWajo County in 2015-2019

Years	Self-reliance ratio (%)	Dependency ratio (%)	Fiscal decentralization ratio (%)	Fiscal Capacity Index
2015	9.19%	91.58%	8.42%	0.17
2016	10.83%	90.22%	9.78%	0.17
2017	12.54%	88.86%	11.14%	0.18
2018	15.02%	83.89%	12.60%	0.24
2019	12.75%	88.14%	11.85%	0.32
Average	12.07%	88.54%	10.76%	0.22
Category	Low	Very high	Less	Low

Source: Secondary Data is processed by KembaLi.

Table 3 above shows that the average ratio of financial self-reliance in the district of Wajo for the last 5 years is 12.07% or is in the low category. This means that the financial capability of Wajo District government to finance the activities of government, development, and service to the community is still less than from the dependence ratio of 88.54% or in the category is very high. This means that the level of dependence of Wajo District government against the central government is still very high and from the side of the fiscal decentralization degree ratio of 10.76% or in the category less. Next from the fiscal capacity index side is 0.22 or in the low category. This means that the ability of Wajo district to support regional autonomy is still lacking. This is a phenomenon in assessing the financial management performance of Wajo District.

Research results from previous researchers showed that governance has a positive and significant effect on the financial management performance examined by Aras (2009), Gregar (2000) and Dharma (2013), and the results of research indicating that governance has negative and insignificant effect studied by Farid (2013) and Iskandar (2012). Furthermore, research conducted by Husmaruddin (2015) shows that *good governance* has a positive and significant influence limited to the performance of AP Financial management. Similarly, the research conducted by Fadilah (2013) that the implementation of *good governance* has significant effect on the performance of financial management of the organization, but unlike Makki and Lodhi (2014) indicates that *good corporate governance* is not significant impact on the performance of financial management.

Noting the financial problems of the district in Wajo district where good governance of each SKPD does not support the realization of performance improvement of financial management. This becomes a phenomenon that needs to be addressed. Empirically the cause of organizational governance and low financial management performance, this is influenced by the low accounting of executive conduct in the field of finance that is incapable of implementing a good internal control system and competency management competence that needs to be improved in dealing with governance and improving the performance of government finance.

The internal control system of Kabupaten Wajo government has not yet demonstrated an integrated control system in expanding the duties of financial sector. Found in various daily activities of the several SKPD has not been able to perform environmental control system in the form of controlling all the activities of the financial activities of the Agency, there are still many financial activities that have not been able to control the financial risk assessment caused, is still low in conducting financial activity control, information and communication is rarely done and still low financial monitoring activities for various programs and activities. As a result of internal control system in several government agencies give the difficult influence of institutions doing good governance and improving financial management performance.

Overcoming the *Gap research* related to internal control system as a matter of affecting the governance and performance of financial management, it is necessary to apply the theory of activity control or *activity controlling theory* expressed oleh Boynton and Johnson (2012) that assessing financial activities can be controlled through environmental control systems, risk assessment, activity communication and monitoring information. Control of this activity is important internally to support the realization of good governance and improvement of financial management performance.

The results of research conducted by Njanike, DKK (2011) stated that implementation of internal control is effective in supporting *good corporate governance* as well as Rosma Research (2014) indicating that internal control system affects local government's financial management performance. Berbeda with the results of obsolete research (2016) that the quality of internal audit is not significant to the performance of local governments and research of Rhodah (2014) indicates that the recommendations of internal audit results did not improve the performance of the government. Also, the results of Abdullah's research (2015) suggest that the internal control system is negatively influential and insignificant in the performance of financial management through good governance.

Improving governance and improving the performance of financial management is not only influenced by internal control system, but also influenced by apparatus competence, in this case professionalism of auditors in carrying out duties in the field of finance. Empirically, in fact still found executor of financial field that is not competent in carrying out and developing a given task. Competence that has not been able to answer various problems in the field of finance, does not provide an important transformation in the development of governance and financial management performance, so there are often delays, errors and discrepancies of various regulations and leadership policies in carrying out the duties of the financial field given.

According to Syafarudin (2014), human resources are as a key competitive advantage for the organization. Establish competence either individually or in groups to meet the needs of the Organization and integrate those competencies in the management system that organizations run. The quality and characteristics of employees required by the organization are not separated from the competing challenges that will be faced by the current and future organisations.

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performance, so there are often delays, errors and discrepancies of various regulations and leadership policies in carrying out the duties of the financial field given.

The implementation of accounting base is not merely an accounting technical problem, which is how to record transactions and present financial statements, but more importantly how to determine accounting policy *accounting policy*, accounting treatment for a transaction (*accounting Treatment*), accounting choice, and designing or analyzing the accounting system. The policy of doing such activities can not be done by the apparatus that does not have knowledge in the field of accounting so as to be able to produce quality financial statements, the capacity of human resources implementing accounting system is very important.

Due to its managerial competence, which is owned by the managing of finance in the government of Wajo district to become a *Gap research* that needs to be given solutions in addressing the importance of apparatus competence that is managed in influencing governance and improvement of financial management performance. *Gap theory* that can be used in this case is the orientation theory of ability (*ability oriented theory*) expressed by Spencer and Spencer (1993) that the professionalism is realized from the orientation of the ability called competence. There are five elements that build managerial competencies namely motif (*motives*), Nature (*traits*), self concept, knowledge *knowledge* and skill (*skill*).

Realizing that the success of a government organization in managing the regional finances in this case the government of Wajo district is not separated from the influence of internal control system and competence of apparatus owned by SKPD which has influence in conducting governance and improving financial management performance.

The research conducted by Manarinsong (2012) states that individual competence directly affects the performance of the financial management of the local government in North Sulawesi province. The results of the study of Abbas (2013) stated that managerial competencies have positive effect on governance and financial management performance, and the research of Mamogale (2014) states that human resources have a huge influence on financial management performance. However, it is different from the research results of Dadang (2015) stating that the quality of human resources has no significant effect on the quality of local government financial statements. Similarly, the results of Grace research (2013) shows that managerial competencies are negatively influential and not significant to the governance and financial management performance.

The results of previous research showed that the competence of apparatus and internal control systems that affect the good governance and financial management performance, among others, the research results of previous research showed that internal control systems have positive and significant impact on governance and financial management performance examined by Daniesta (2011), MAdjid (2012) and Purwatiningsih (2012). The internal control system was negatively influential and insignificant to the governance and financial management performance examined by OLeh Shah (2012) and Daniesta (2011).

Considering the *Gap research* and *gap theory* presented above, it is an interest for researchers to prove the research done in relation to observations regarding the observed variables, in order to find a variety of alternative findings from this research. Certainly the results of this research and previous research will provide the view and excavation of various differences and equations based on the observed variables, concepts and measurements used and the empirical foundations of the objects and location of observation.

The success of local government organizations in managing the regional finances, in this case the government of Wajo district is not separated from the competency of human resources or regional financial management apparatus, and internal control system in each SKPD which gives influence in the implementation of *good governance* and improvement of local financial management performance. Research on the competence of apparatus and internal control system, implementation of *good governance* and the performance of financial management of local governments has been done before. As for the similarities and differences between the research the authors will do with previous studies lies in the observed variables, indicators and measurements used as well as empirical foundations of objects and locations of research.

## **II. Rivew Literature**

### **Stakeholder theory**

The term stakeholder was first introduced by the *Stanford Research Institute* (SRI) in 1963. Freeman (1984) defines stakeholders as *any group or individual who can affect be affected by the achievement of an organization's objective*. Stakeholders are groups and individuals that can influence or be influenced by the organizational achievement process. *Stakeholder Theory* is a group of people, communities or communities both in whole and in a partial that has relationships and interests in the organization. Public Sector organisations have wider and wider range of coverage.

### **Agency theory**

Agency Theory was originally submitted by Berle and Means (1932) developed by Jensen and meckling (1976), which is a working relationship between the *authorizing party* and the party receiving the Authority (*agent*) in the form of a working contract (*nexus of contract*) which has been agreed.

### **Competence Apparatus**

Apparatus competence is instrumental in influencing the governance and performance of the financial management of an organization. Therefore, the success of an organization's work is important in realizing the objectives you want to achieve. The context of managerial competence according to David in Martin (2012) says that there is an important basic characteristic in someone who is predicted to realize work success. Something is more valuable than an academic intelligence, something that can be determined accurately and becomes a *critical vector* Point that distinguishes between someone who has the ability and does not have an ability called competence.

Competence of auditors or apparatus seen from quality orientation is reflected in five aspects, namely knowledge of insight, skill skills, self-concept experience, mastery of work based on talent and motives. Harry (2011) states to see the competency quality Orientation of auditors assessed from the working knowledge understood according to the level of education, skills of various trainings followed, experience of the working period and the mastery of work based on the diligence held.

### **Internal control System**

Simply put, internal control is defined as a process that is influenced by human resources and information technology systems designed to help organizations accomplish a particular goal. The understanding of internal control issued by *the Committee of sponsoring organization's of the Treadway Commission* (COSO), is an independent organization that cares about the efforts of improving the quality of financial statements through good organizational governance and the effectiveness of internal controls that define internal controls as follows: "... A process, effected by an entity's board of Directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) effectiveness and efficiency of operations, (b) Reliability of financial reporting, (c) compliance with applicable laws and regulations".

An internal control definition formulated by the COSO, adopted by the Government of the Republic of Indonesia in the form of government regulation No. 60 year 2008 on SPIP (Government internal control system) that gives understanding that SPIP is an integral process of actions and activities that are carried out continuously by the leadership and all employees to give adequate confidence in the achievement of organizational objectives through effective and efficient activities, reliability of financial reporting SPIP is a controlling activity especially for the management of information systems aimed at ensuring the accuracy and completeness of information. Internal control components according to PP No. 60 year 2008 also adopted from the COSO version emphasize to five elements of Dalian intern, namely: *environmental control*); *Risk valuation*); *Activities control*); *Information Information*); *Monitoring Monitoring*.

### **Good governance concept**

A good *corporate governance* context is often called good governance. Etymologically, the term "*Corporate*" is a derivative of the Latin *Corpus* which means a set of rules and laws. "Erate" means something that is appreciated or obeyed. Literally *Governance* translates as "settings". It should be understood that according to Winarno (2013) *governance* can be translated as organized control.

According to *The Organization for Economic Cooperation and Development* (OECD, 2010) *The Corporate governance* defined *corporate governance is The system by which Organization are directed and controlled. The Corporate Governance structure Specifies the distribution of rights and responsibilities among different participants in the organization, and spells out the rules and procedure for making decisions and corporate affairs. By doing this, it also provides the structure through which the organization objectives are sets and the means of attaining those objectives and monitoring performance.* Governance definitions are systems that are used to direct and control organizational activities. Governance governs the division of their duties, rights and obligations to the life of the organization. Governance is concerned with the provisions and procedures noted by the leadership in the decision-making according to the organization's continuity.

### **Financial Management Performance Concept**

Performance is an achievement or a level of success achieved by an individual or an organization in carrying out its duties at a certain period. According to Stoner (2007) Performance is the quantity and quality of work completed by individuals, groups or organizations. In the government sector, performance can be

interpreted as an achievement achieved by government employees or government agencies in carrying out service to the community during a period. According to SAWIR (2013) The performance of financial management is the assessment of the evaluation of the estimated use of the budget managed according to the allocation, utilization, timeliness and useful value that the organization can report and answer.

Following Sumarsono (2008) outlines the performance assessment of government financial management according to the use of THE LAKIP principle in its management based on *the input approach, process, output, outcome, benefit and impact*, namely: the use of budget SHOULD BE allocated according to the budget input required by each SKPD based on priority and the proposed budget PLA tform; Budget Management is executed according to the budget-use process that has been allocated based on a planned and Garan proposal; The Use of allocated budgets to be managed outputs is based on the Results of Ang Garan utilization; Allocate budget to beneficial outcomes according to administration and accounting of budget use; THE budget used provides profit or benefit in funding for the availability of various facilities utilized for the public interest; A Managed budget is accounted for as an impact or impact on the use of budgets handled by government agencies.

### III. Research Method

The approach used in this study is *exploratory* research that seeks to find relatively new relationships, and *explanatory* that research is done by explaining the symptoms posed by a research object. Reviewed from its data aspect is the *ex post facto* research study, which is a systematic empirical search, where researchers cannot control its free variables because events have occurred or their nature cannot be manipulated. Reviewed from the goal is a causal study that seeks to explain the causal relationship of influence of apparatus competence and internal control system to good governance and financial management performance of Wajo District government.

The type of data used in this study is primary data and secondary data. Primary Data is sourced from the observation, interviews and dissemination of questionnaires on the regional device Organization (OPD) in Wajo district. Meanwhile, secondary data is sourced from the OPD data document in Wajo District. The data Collection techniques used in this research conducted observations, questionnaires, interviews, and Documentation. The population in this study was all OPD on the local government of Wajo district which amounted to 50 opd with a total of 7,481 employees in 2019.

The sampling technique on this study used the formula of Taro Yamane in Riduwan (2005) as follows:

$$n = \frac{N}{N \cdot d^2 + 1}$$

Where:

n = number of samples taken

N = Number of population members

D<sup>2</sup> = defined precision

Pointing to the above opinion, the determination of the number of samples can be formulated as follows:

$$n = = = 380 \text{ respondents } \frac{7.481}{7.481(0,05)^2 + 1} \frac{7.481}{(7.481).(0,0025) + 1} \frac{7.481}{19,70}$$

Thus the sample that was made by respondents in this study was 360 employees who were in the 50 opd in Wajo district. Samples for each OPD are as many as 6-7 financial management officers.

This research uses SPSS Program statistical analysis version 21.00 AND AMOS (*Analysis of Moment Structures*) version 21 program. The analysis that will be carried out includes the following stages: descriptive analysis and inferential analysis. To answer the underlying problem and to prove the hypothesized truth that has been submitted previously, a quantitative analysis is used using SEM (a *Structural Equation Modelling*) approach, with the following formulation of the analysis model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

$$Z = \lambda_0 + \lambda_1 X_1 + \lambda_2 X_2 + \lambda_3 Z + \varepsilon$$

Where:

Y = Good governance

Z = Regional financial Management performance

X<sub>1</sub> = Competence Apparatus

X<sub>2</sub> = Interen control system

E = Default Error

β<sub>0</sub>, λ<sub>0</sub> = Constants

$\beta_1, \beta_2, \lambda_1-\lambda_3$  = regression coefficient

#### IV. Results And Analysis

##### DESCRIPTIVE STATISTICAL ANALYSIS

##### Competence Apparatus ( $X_1$ )

Apparatus competence is the professional capability that is owned by apparatus or financial executor in managing the work of the financial field. The indicators of apparatus are as follows: 1. motive of the demands of the ability to be able to pursue financial field; 2. the nature of the talent or talents owned by a person who is professional in the financial field.; 3. Self concept that knows the self ability of managing the financial field; 4. knowledge that is the insight on the various distinctive science of the field of finance; 5. skills that are skills in developing a variety of prospective mastery in the field of finance.

**Table 4.** Variable frequency/Percentage Competency Apparatus

Indicators	Respondent's answer Score										Mean
	1		2		3		4		5		
	F	%	F	%	F	%	F	%	F	%	
X 1.1	1	0.3	4	1.1	43	11.3	211	55.5	121	31.8	4.18
X 1.2	0	0.0	7	1.8	17	4.5	248	65.3	108	28.4	4.20
X 1.3	2	0.5	14	3.7	28	7.4	202	53.2	134	35.3	4.19
X 1.4	5	1.3	19	5.0	68	17.9	202	53.2	86	22.6	3.91
X 1.5	4	1.1	27	7.1	67	17.6	192	50.5	90	23.7	3.89
Average Mean Variable Competency apparatus											4.07

Source: The primary Data is processed, 2020.

Table 4 shows the answer of each respondent generally agrees on the competence of the apparatus in local financial management activities. This means that the apparatus competency is determined by properties with the dominant mean value of 4.20, which means that under the apparatus as a regional finance manager should demonstrate its competence as well as talents or talents that are professionally owned to manage the regional finances.

##### Internal control System ( $X_2$ )

The internal control system is a control system that is conducted in the organization in making financial design as per the measurable method to ensure financial activities are running according to applicable system procedures. Internal control system Indicators as follows: 1. Controlling environment is the control of activities and financial transactions that are in the organizational environment; 2. Risk assessment of the control of various activities and transactions that anticipate the financial loss of the Organization; 3. Controlling activity is the effort to control all activities in a balanced accordance with the procedures of applicable rules ; 4. information and communication is to provide explanation and discussion on the appropriate and correct financial activities; 5. monitoring i.e. examining and assessing any correct financial activity.

**Table 5.** Variable Frequency/Percentage Internal control system

Indicators	Respondent's answer Score										Mean
	1		2		3		4		5		
	F	%	F	%	F	%	F	%	F	%	
X 2.1	0	0.0	1	0.3	21	5.5	198	52.1	160	42.1	4.36
X 2.2	0	0.0	2	0.5	41	10.8	203	53.4	134	35.3	4.23
X 2.3	0	0.0	2	0.5	40	10.5	187	49.2	151	39.7	4.28
X 2.4	0	0.0	1	0.3	34	8.9	197	51.8	148	38.9	4.29
X 2.5	0	0.0	2	0.5	64	16.8	165	43.4	149	39.2	4.21
Mean variable Internal control system.											4.27

Source: The primary Data is processed, 2020.

Table 5 shows the answers of each respondent generally expressed consent to the implementation of internal control system in local financial management activities. Judging from the dominant mean value of the control environment indicator of 4.36, which means that the controlling environment determines the internal control system of the regional financial management to be able to control various financial activities and transactions conducted in the scope of government.

**Good governance (Y)**

Good governance is a method of managing an organization in accordance with the principles of management in the financial sphere. The indicators are as follows: 1.Participation is the principle of participation in managing the financial g midwives professionally; 2.Transparency is the openness in providing a prospective in the field of finance; 3.the effectiveness of the potential utilization of the appropriate financial midwigs target; 4.Efficiency is the use of potential financial field timely in its allocation; 5.Accountability is accountability of financial field according to program and activities that carried out; 6.Responsibility that is the reliability in managing the financial field professionally; 7.Consensus is the agreement in understanding and decision making of the financial field in the AMA bers; 8.Equality of the right i.e. conducting financial field activities without Riminalasikan the public interest; 9.the vision of the strategy is to have a clear vision in the financial management. 10.Law enforcement is managing the financial field according to the standards of prevailing rules.

**Table 6.** Variable frequency/Prosentase Good governance

Indicators	Respondent's answer Score										Mean
	1		2		3		4		5		
	F	%	F	%	F	%	F	%	F	%	
Y. 1	0	0.0	1	0.3	23	6.1	178	46.8	178	46.8	4.40
Y. 2	0	0.0	2	0.5	31	8.2	156	41.1	191	50.3	4.41
Y. 3	0	0.0	0	0.0	35	9.2	185	48.7	160	42.1	4.33
Y. 4	1	0.3	0	0.0	44	11.6	171	45.0	164	43.2	4.31
Y. 5	0	0.0	1	0.3	34	8.9	187	49.2	158	41.6	4.32
Y. 6	0	0.0	4	1.1	42	11.1	194	51.1	140	36.8	4.24
Y. 7	0	0.0	2	0.5	37	9.7	206	54.2	135	35.5	4.25
Y. 8	0	0.0	3	0.8	17	4.5	178	46.8	182	47.9	4.42
Y. 9	1	0.3	0	0.0	31	8.2	189	49.7	159	41.8	4.33
Y. 10	0	0.0	0	0.0	16	4.2	191	50.3	173	45.5	4.41
Average Mean good governance variables											4.34

Source: Primary Data Processed/Appendix 4, 2020.

Table 6 shows the answers of each respondent generally expressed concur and strongly agree on good governance applied in the management of local finances. This means good governance is determined by the principle of equal rights with a more dominant mean value of 4.42. This means that the implementation of good governance must comply with the principles of governance that do not discriminate against public interest.

**Financial Management Performance (Z)**

The performance of financial management is the achievement of the results of the financial work that the Government can be accountable to the public. The indicators are as follows: 1.Input i.e. assessing the use of budgets utilized in various progRAM and government activities; 2.Process is assessing the implementation of budget management activities according to priorities and the budget platform used; 3.Output i.e. achievement of budget utilization in accordance hasIL for programs and activities; 4.outcome of achieving the profit of financial management results; 5.Benefit is the benefit of the profit that is the goal of the target in its designation; 6.Impact is the impact of the profit from the results of the local financial management to be allocated in regional development.



**Table 7.** Variable Frequency/Prosentase Financial Management Performance

Indicators	Respondent's answer Score										Mean
	1		2		3		4		5		
	F	%	F	%	F	%	F	%	F	%	
Z. 1	0	0.0	0	0.0	29	7.6	207	54.5	144	37.9	4.30
Z. 2	0	0.0	0	0.0	11	2.9	166	43.7	203	53.4	4.51
Z. 3	0	0.0	2	0.5	22	5.8	166	43.7	190	50.0	4.43
Z. 4	0	0.0	0	0.0	20	5.3	208	54.7	152	40.0	4.35
Z. 5	0	0.0	0	0.0	22	5.8	205	53.9	153	40.3	4.34
Z. 6	0	0.0	1	0.3	23	6.1	155	40.8	201	52.9	4.46
Mean variable performance of financial management.											4.40

Source: Primary Data Processed/Appendix 4, 2020.

Table 7 shows the answers to each respondent generally agrees and strongly agrees on the performance of the financial management implemented by the maintainer. Visible mean value is 4.51 on the performance indicators of financial management by process. This means that the assessment of financial management performance in regional financial management is assessed based on the process from the implementation of priority management activities and the budget platform used by local governments.

#### VALIDITY AND RELIABILITY TEST

**Table 8.** Validity and Reliability Test results

Research instruments	Validity			Reliability		
	Correlation	R Product Moment R table	Description	Cronbach's Alpha	N of Items	Description
X 1.1	0563	0170	Valid			
X 1.2	0609	0170	Valid			
X 1.3	0640	0170	Valid	0620	5	Reliable
X 1.4	0671	0170	Valid			
X 1.5	0674	0170	Valid			
X 2.1	0664	0170	Valid			
X 2.2	0706	0170	Valid			
X 2.3	0825	0170	Valid	0773	5	Reliable
X 2.4	0734	0170	Valid			
X 2.5	0695	0170	Valid			
Y. 1	0619	0170	Valid			
Y. 2	0635	0170	Valid			
Y. 3	0646	0170	Valid			
Y. 4	0688	0170	Valid			
Y. 5	0691	0170	Valid	0829	10	Reliable
Y. 6	0672	0170	Valid			
Y. 7	0580	0170	Valid			
Y. 8	0593	0170	Valid			
Y. 9	0617	0170	Valid			
Y. 10	0524	0170	Valid			
Z. 1	0668	0170	Valid			
Z. 2	0559	0170	Valid			
Z. 3	0594	0170	Valid			
Z. 4	0572	0170	Valid	0700	6	Reliable
Z. 5	0691	0170	Valid			
Z. 6	0707	0170	Valid			

Source: Data after processing, 2020

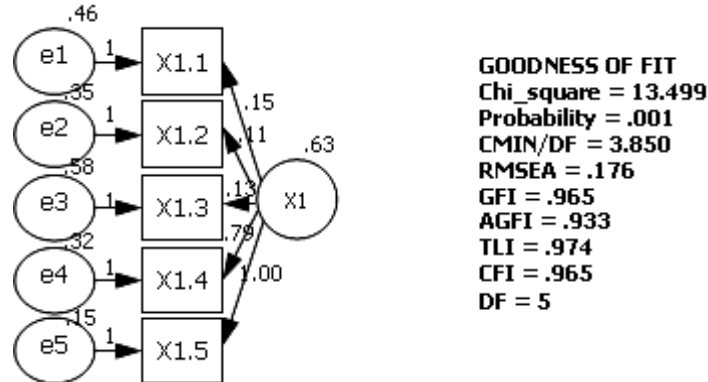
Based on table 8 above, indicating that the r Product Moment R table value is greater than 0.170 (valid). The validity of an instrument has been eligible at least 0.170 as an instrument deemed valid. The Alpha of the research instrument on each variable is greater than the value of the instrument, i.e. 0.60 or greater than 0.60. Thus, the entire instrument of the questionnaire in the study is *reliable* because it has been minimally qualified.

**RESEARCH VARIABLE CONSTRUCTION TEST**

**Results of measurements of each construction or variable latent**

**Variable Competency Apparatus**

Confirmatory analysis (CFA) test results for exogenous variables i.e. apparatus competence produces the following models:



**Figure 1.**Confirmatory Factor analysis Variable Competency apparatus (X1)

The test result of the CONSTRUC variable exogenous competency apparatus is evaluated based on the *goodness of Fit indices* in table 9 here with the presented model criteria and the critical value. The proposed model evaluation shows the evaluation of the construct as a whole results in the critical value that the model has matched the data, so that the subsequent model conformance tests can be carried out.

**Table 9.** Evaluation Criteria Goodness Of Fit Indices variable exogenous competency Apparatus (X1)

Goodness of Fit Index	Cut-Off Value	Model Results *	Description
Chi_square	Expected small	13,499	Good
Probability	≥ 0.05	0.001	Marginal
CMIN/DF	≤ 2.00	3,850	Marginal
The The RMSEA	≤ 0.08	0176	Marginal
Gfi	≥ 0.90	0965	Good
AGFI	≥ 0.90	0933	Good
TLI SULTAN BANTILAN	≥ 0.94	0974	Good
Cfi	≥ 0.94	0965	Good
Df		5	

Source: Appendix 5

Table 9 Variable Measurement competence Apparatus (X1) has shown the presence of a fairly fit model or no suitability between data by model. This proven eight-value index there are five that have fulfilled fit criteria or predefined standards. The model above can be said to indicate a less-than-good acceptance rate, but the model can be accepted for further analysis. Further to know the variables that can be used as an indicator of the variable exogenous competence apparatus can be observed from the value of regression and its significance level (p \* \* \*) means the probability value < 0.05 or 0.000, which reflects each of the variables as the indicator appears in the table 10.

**Table 10.**Regression values for variable measurement exogenous competency Apparatus (X1)

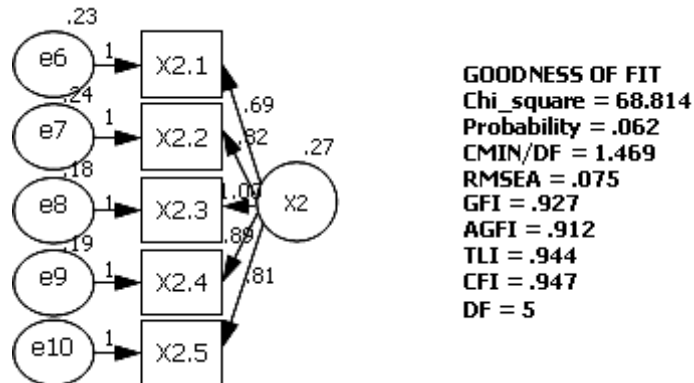
Variable indicators	Loading factor (λ)	Critical Ratio	Probability	Description
X 1.1	0145	2,105	0042	Significant
X 1.2	0108	2,400	0.016	Significant
X 1.3	0128	2,795	0033	Significant
X 1.4	0793	3,732	0.000	Significant
X 1.5	1,000		Fix	Significant

Source: Appendix 5

Loading factor is seen based on the critical ratio which gives an overview to explain each of the variables of the apparatus competency variable indicators observed based on the determination of the loading value of the factors represented from the *standardize regression* estimation (Standard Regresi) with a significant construcvalue or < 0.05 for motif indicators, properties, concepts of self, knowledge and skills, thus the entire indicator of the competency variable of apparatus can be included in the next Test.

**Internal Control System Variables**

Confirmatory analysis (CFA) test results for exogenous variables i.e. internal control systems produce the following models:



Picture 2. Confirmatory Fvariable analysis actors Internal control System (X2)

The construction test result of the exogenous SIM variable is evaluated based on the *goodness of Fit indices* in table 11 as follows with the model criteria and the critical value. The proposed model evaluation shows the evaluation of the construct as a whole results in the critical value that the model has matched the data, so that the subsequent model conformance tests can be carried out.

Table 11. Evaluation Criteria Goodness Of Fit Indices variable exogenous Internal control System (X2)

Goodness of Fit Index	Cut-Off Value	Model Results *	Description
Chi_square	Expected small	68,814	Good
Probability	≥ 0.05	0062	Good
CMIN/DF	≤ 2.00	1,469	Good
The The RMSEA	≤ 0.08	0075	Good
Gfi	≥ 0.90	0927	Good
AGFI	≥ 0.90	0912	Good
TLI SULTAN BANTILAN	≥ 0.94	0944	Good
Cfi	≥ 0.94	0947	Good
Df		5	

Source: Appendix 5

Tabel 11 The internal control system variable measurement model (X2) has demonstrated a fit model or suitability between data with models. This is evidenced from the eight value indexes have fulfilled the Kritiera fit according to the stipulated standards. The above model can be said to indicate a good acceptance rate, hence concluded that the model can be accepted and analyzed further. Further to know which variables can be used as an indicator of a variable exogenous internal control system can be observed from the value of regression and its significance level (p \* \* \*) means the probability value < 0.05 or 0.000, which reflects each variable asI indicator appears in the table 12.

**Table 12.**Regression value for the measurement of exogenous variable measurements  $S_{io}$  of Internal control stem (X2)

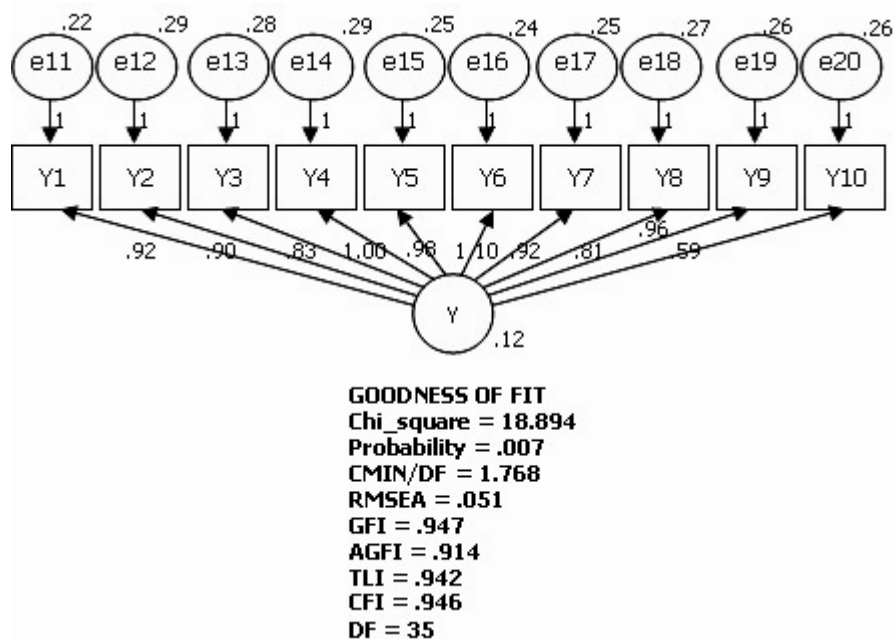
Variable indicators	Loading factor ( $\lambda$ )	Critical Ratio	Probability	Description
X 2.1	0692	11,255	0.000	Significant
X 2.2	0816	12,656	0.000	Significant
X 2.3	1,000	Fix		Significant
X 2.4	0890	13,833	0.000	Significant
X 2.5	0811	11,279	0.000	Significant

Source: Appendix 5

The loading factor is seen based on the critical ratio which provides an overview to explain each of the variables of the internal control system variable indicators observed based on the determination of the loading value of the factors represented by the *standardize regression* estimation (regression standard) with a significant Construc value or  $< 0.05$ , so that the entire indicator of the internal control system variables can be included in the next Test.

**Good governance variables**

*Confirmatory analysis (CFA)* test results for endogenous variables of good governance produce the following models:



**Fig . 3.**Confirmatory factor Analysis of good governance variables (Y)

The test result of endogenous variable construction of good governance is evaluated based on the *goodness of Fit indices* in the following table 13 by presented the model criteria and the critical value. The proposed model evaluation shows the evaluation of the construct as a whole results in the critical value that the model has matched the data, so that the subsequent model conformance tests can be carried out.

**Table 13.** Evaluation of Goodness of Fit criteria Indices good governance endogenous variables (Y)

Goodness of Fit Index	Cut-Off Value	Model Results *	Description
Chi_square	Expected small	18,894	Good
Probability	$\geq 0.05$	0.007	Good
CMIN/DF	$\leq 2.00$	1,768	Good
The The RMSEA	$\leq 0.08$	0051	Good

Gfi	≥ 0.90	0947	Good
AGFI	≥ 0.90	0914	Good
TLI SULTAN BANTILAN	≥ 0.94	0942	Good
Cfi	≥ 0.94	0946	Good
Df		35	

Source: Appendix 5

Table 13 The Good Governance variable Measurement model (Y) has demonstrated a fit model or there is a suitability between data and models. This is evidenced from the eight criteria the index value has fulfilled the Kriteria fit which means or meets the stipulated standards. The above model can be said to indicate a good acceptance rate, hence concluded that the model can be accepted and analyzed further. Further to know the variables that can be used as an indicator of the endogenous variable of good governance can be observed from the regression value and its significance level (p \* \* \*) means the probability value < 0.05 or 0.000, which reflects each variable as the indicator appears in the table 14.

**Table 14.**Regression value untuk good variable endogenous governance (Y)

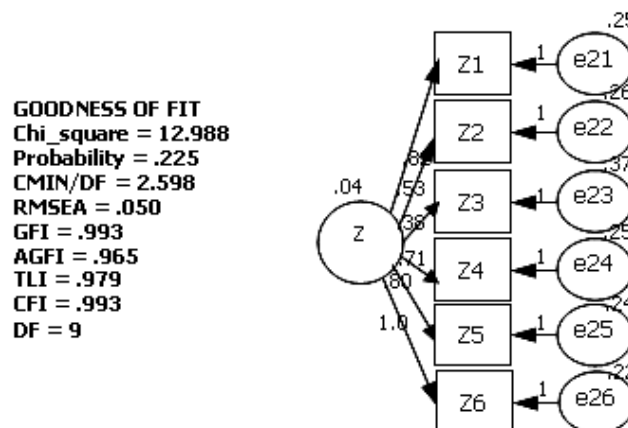
Variable indicators	Loading factor (λ)	Critical Ratio	Probability	Description
Y. 1	0917	9,970	0.000	Significant
Y. 2	0897	9,601	0.000	Significant
Y. 3	0833	10,512	0.000	Significant
Y. 4	1,000	Fix		Significant
Y. 5	0976	10,698	0.000	Significant
Y. 6	1,101	10,548	0.000	Significant
Y. 7	0922	8,876	0.000	Significant
Y. 8	0807	8,877	0.000	Significant
Y. 9	0957	10,038	0.000	Significant
Y. 10	0593	7,765	0.000	Significant

Source: Appendix 6

The loading factor is seen based on the critical ratio which provides an overview to describe each of the indicators of a good governance variable indicator that is observed based on the determination of the loading value of the factors represented from the estimated *standardize regression* (regression standard) with a significant Construc value or < 0.05, so that all good governance variable indicators can be included in the next Test.

**Performance variables**

*Confirmatory analysis* (CFA) test results for endogenous variables i.e. financial management performance resulted in the following models:



**Fig . 4.**Confirmatory factor analyses performance variables financial management (Z)

The result of endogenous variable construction test of financial management performance is evaluated based on *goodness of Fit indices* in table 15 following with presented model criteria and critical value. The proposed model evaluation shows the evaluation of the construct as a whole results in the critical value that the model has matched the data, so that the subsequent model conformance tests can be carried out.

**Table 15.** Evaluation of criteria Goodness of Fit Indices endogenous variable Financial Management Performance (Z)

Goodness of Fit Index	Cut-Off Value	Model Results *	Description
Chi_square	Expected small	12,988	Good
Probability	≥ 0.05	0225	Good
CMIN/DF	≤ 2.00	2,598	Marginal
The The RMSEA	≤ 0.08	0050	Good
Gfi	≥ 0.90	0993	Good
AGFI	≥ 0.90	0965	Good
TLI SULTAN BANTILAN	≥ 0.94	0979	Good
Cfi	≥ 0.94	0993	Good
Df		9	

Source: Appendix 5

Table 15 of the financial Management performance Variable measurement model (Z) has demonstrated a fairly fit model or there is a suitability between data with models. This is evidenced by the eight criteria of the index value, only one that does not meet the Kritiera fit i.e. the CMIN/DF value. However, the model above can be said to indicate a good acceptance rate, hence it is concluded that the model can be treated with Ma and further analyzed. Further to know the variables that can be used as an indicator of the endogenous variable of financial management performance can be observed from the value of regression and its significance level ( $p^{**}$ ) means the probability value  $< 0.05$  or  $0.000$ , which reflects each variab of the as aI indicator appears in table 16.

**Table 16.**Regression value untuk measurement of endogenous variable Financial Management Performance (Z)

Variable indicators	Loading factor ( $\lambda$ )	Critical Ratio	Probability	Description
Z. 1	0818	8,630	0.000	Significant
Z. 2	0527	6,295	0.000	Significant
Z. 3	0384	4,079	0.000	Significant
Z. 4	0711	7,884	0.000	Significant
Z. 5	0795	10,182	0.000	Significant
Z. 6	1,000		Fix	Significant

Source: Appendix 6

The loading factor is seen based on the critical ratio which provides an overview to explain each of the indicators of the performance variables of the financial management variable observed based on the determination of the loading value of the factors represented from the estimated *standardize regression* (regression standard) with a significant or  $< 0.05$ , so that the entire indicator of the financial management performance variables can be included in the next Test.

### **Influence of competence of apparatus and Internal control system to good governance and performance of financial management**

The model is said to be good when the development of a hypothetic model is theoretically supported by empirical data. The full results of SEM analysis can be seen in the following image:

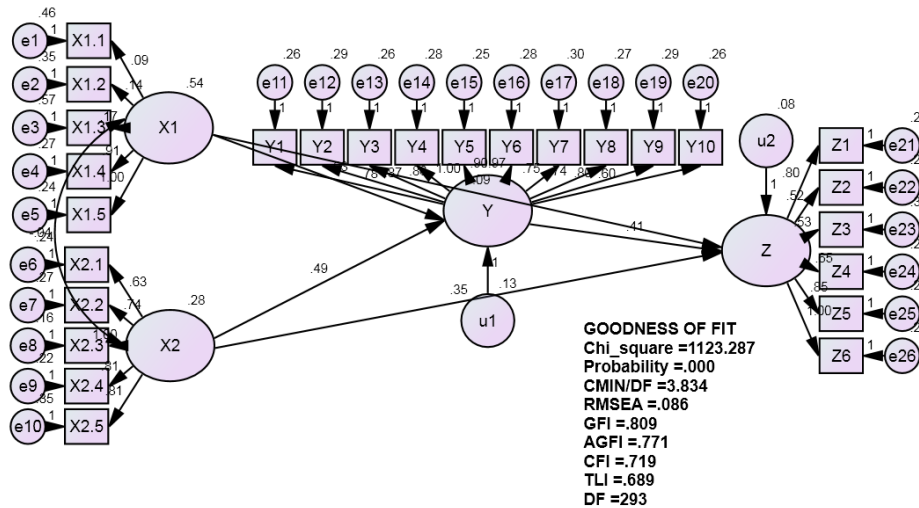


Fig. 5. Variable relationship Model measurements for early SEM

From evaluation model shows from eight criteria *goodness of fit indices* visible value of Chi-Square is still large and look at some criteria does not correspond to the specified *cut off value*, so it is done model modification by doing correlation between error indicators according to the instructions of *modification indices*. Analysis results after the final model obtained is as follows:

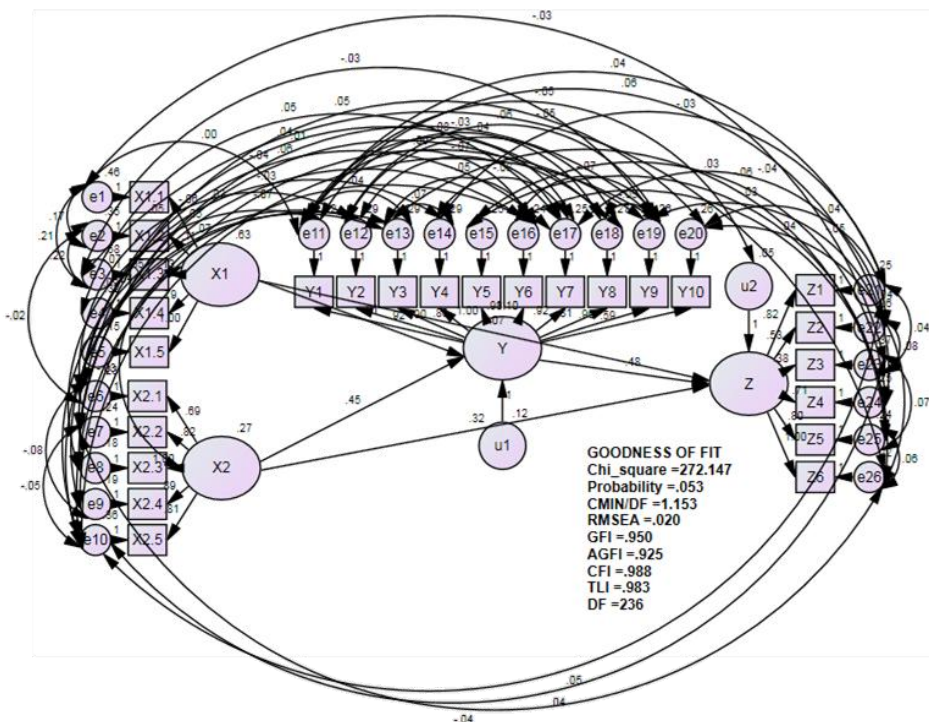


Figure 6. Variable relationship Model Measurements for final SEM

The result of Uji model is presented in Figure 6 evaluated based on *goodness of Fit indices* in table 19 with presented the criteria of the model and its critical value which has data compliance.

Table 17. Evaluation Criteria Goodness of Fit Indices Overall Model

Goodness of The Fit Index	Cut-Off Value	Model Results Early stage	Ket.	Model Results Final stage	Ket.
Chi_Square	Expected small	1,123,287	Marginal	272,147	Good
Probability	≥ 0.05	0.000	Marginal	0053	Good
CMIN/DF	≤ 2.00	3,834	Marginal	1,153	Good
The The RMSEA	≤ 0.08	0086	Marginal	0.020	Good

Gfi	≥ 0.90	0.09	Marginal	0950	Good
AGFI	≥ 0.90	0771	Marginal	0925	Good
TLI SULTAN BANTILAN	≥ 0.94	0719	Marginal	0988	Good
Cfi	≥ 0.94	0689	Marginal	0983	Good
Df		293		236	

Source: Data after processing, 2020

The results of the evaluation model for the initial stage shows from the eight criteria *goodness of fit indices* have not fulfilled the criteria *cut off value*, so it is necessary to do model modifications according to the instructions of the *modification Indices.Modification Indices* (M. I) is a calculation to make changes to the numbers, where the numbers underneath indicate a large minimum value of the *chi-square* that will go down when a corresponding variable is connected. After the modification of the model, then the final stage shows the eighth criterion has fulfilled the *goodness of fit indices* or corresponding *cut off value*, so that the model can be said to have matched the *goodness of fit criteria indices* to the analysis.

**Analysis of research results**

**Table 18. Direct Effect Hypothesis testing , Indirect Effect and Total effect**

Hip	Exogenous variables	Endogenous variables	Standardized Regression Weights				Description	
			P-Value	De	Ie	Te		
H1	Competence Apparatus X1	Good governance (Y)	0.692	0.022	-	0.022	Positive and insignificant	
H2	Internal control System (X2)	Good governance (Y)	0.000	0.560	-	0.560	Positive and significant	
H3	Competence Apparatus X1	Financial Management Performance Z	0.028	-0.140	-	-0.140	Negative and significant	
H4	Internal control System (X2)	Financial Management Performance Z	0.000	0.421	-	0.421	Positive and significant	
H5	Good governance Y	Financial Management Performance Z	0.000	0.506	-	0.506	Positive and significant	
	Exogenous variables	Intervening variables	Endogenous variables	P-Value Test Sobel	De	Ie	Te	Description
H6	Competence Apparatus X1	Good governance Y	Financial Management Performance Z	0.679	-0.140	0.006	-0.129	Positive and insignificant
H7	Internal control System (X2)	Good governance Y	Financial Management Performance Z	0.000	0.421	0.218	0.705	Positive and significant

Source: Data after processing, 2020

Looking at the results of the P-value on the effect of non-variable indirect effect through variables between the variables tied to the SEM analysis showed a positive and significant influence, then to prove the indirect influence, then conducted Sobel (*computing Sobel test of Mediation for Baron & Kenny Approach*) with the following calculation result:

X1 to Z via Y

Input:		Test statistic:	Std. Error:	p-value:
a	0.012	Sobel test: 0.4128761	0.01406717	0.67969739
b	0.484	Aroian test: 0.40763964	0.01424788	0.68353826
s <sub>a</sub>	0.029	Goodman test: 0.41831968	0.01388412	0.6757134
s <sub>b</sub>	0.078	Reset all	Calculate	



The competence of apparatus indirectly through good governance has a positive and insignificant effect on the performance of financial management with the results of Standardized Indirect Effect of 0.006 with test Sobel P-value = 0.679 or greater than 0.05.

X2 to Z via Y

	Input:		Test statistic:	Std. Error:	p-value:
a	0.450	Sobel test:	4.94408596	0.04405263	7.7e-7
b	0.484	Aroian test:	4.92080766	0.04426103	8.6e-7
s <sub>a</sub>	0.055	Goodman test:	4.96769777	0.04384325	6.8e-7
s <sub>b</sub>	0.078	Reset all	Calculate		

The internal control system indirectly through good governance has a positive and significant effect on the performance of financial management with the results of the Standardized Indirect Effect of 0.218 with the test of Sobel P-value = 0.000 or smaller than 0.05.

The entire direct five-lane model and the two indirect paths are hypothesized. Based on the results of the analysis of SEM AMOS provides there are three direct pathways that have a positive and significant influence, one path is positive and insignificant, and one path is negatively and significantly influential. Meanwhile, from the results of the test analysis Sobel for indirect influence shows the competence of apparatus is positively and insignificant through good governance to the performance of financial management, while the internal control system indirectly through good governance with positive and significant to the performance of financial management. The interpretation of Table 20 can be explained as follows:

**Competence apparatus** has a positive and insignificant direct influence on good governance with  $P = 0.692 > 0.05$  and coefficient value of 0.033, this coefficient indicates that the apparatus competence has not contributed to good governance in the management of regional finances.

**The internal control system** has a positive and significant direct influence on good governance with  $P = 0.000 < 0.05$  and coefficient value of 0.560, this coefficient indicates that the applied internal control system supports good governance in regional financial management.

**Apparatus Competency** has a negative and significant direct influence on financial management performance with  $P = 0.028 < 0.05$  and coefficient value of -0.140, this coefficient indicates that apparatus competence still need to be improved to contribute to local financial management performance.

**Internal control system** has a positive and significant direct influence on financial management performance with  $P = 0.000 < 0.05$  and coefficient value of 0.421, this coefficient indicates that proper internal control system supports financial management performance.

**Good governance** has a positive and significant direct influence on financial management performance with  $P = 0.000 < 0.05$  and coefficient value of 0.506, this coefficient indicates that good governance implementation affects local financial management performance.

**Competence apparatus through good governance** has a positive and insignificant indirect influence on the performance of financial management with the value of the coefficient of ANALYSIS HASI SEM AMOS *Indirect effect* of 0.006. While the result of the calculation through Sobel *testis* obtained by 0.412 with significance level  $p$  is  $0.679 > 0.05$  (not significant), proves that the apparatus competence does not contribute in good governance, and indirectly effect is not significant to the performance of financial management.

**Internal control system through good governance** has a positive and significant indirect influence on performance with the value of the coefficient of ANALYSIS HASI SEM AMOS *Indirect effect* of 0.218. While the results of calculations through Sobel *testare* obtained by 4,944 with significance level  $p$  is  $0.000 < 0.05$  (significant), proving that the internal control system determines good governance, and indirectly significant effect on the performance of financial management.

## V. Discussion

### Competence of apparatus for good governance

The results of the research proved the competence of apparatus is positive and not significant to good governance in the financial management of Wajo District government. The results of this research can be interpreted that in the activity of regional financial management is required people who have competence based on the motives, nature, concepts of self, knowledge and skills in working on the activities of local financial management. So the existence of apparatus competent in the field of financial management of the area is indispensable, but not all competent apparatus can do good governance. That is why the competency of apparatus only positive effect Dani is not significant in doing good governance. Essentially apparatus in addition

to having competence should also be supported by an understanding of the principles of good governance in a governmental organization, so that necessary apparatus that understands the principles of good governance participatory, transparent, effectiveness, efficient, accountability, responsiveness, consensus, equality of rights, Vision Strategy and Good law enforcement. In relation to previous research, there are similarities and differences with this research. The equation of research with previous research lies in the variable of free and bonded that is observed, namely the competence of apparatus against good governance. As for the difference in the large sample used, the research object is observed and the findings obtained. Research results. Hayton (2005), daniesta (2011), risnandar (2011), rukmini (2012), Amelia (2012), madjid (2012), Abbas (2013), Farid (2013), and Rahmat (2013) also researched about the competence of apparatus that has positive and significant effect on good governance. The distinguishing thing lies in the research results that become the novelty of this research with previous research, where in this research competence of apparatus directly influence positive and insignificant to good governance.

#### **Internal control system of good governance**

The results of the research found there was a direct influence of the variable internal control system which is positive and significant to good governance in Wajo District Government organization. This means that among internal control systems in the form of controlling environment, risk assessment, activity control, information and communication and monitoring contribute to good governance in participation, transparency, effective, efficient, accountability, responsiveness, consensus, equality of rights, clear vision strategy and law enforcement in the financial management of the District government of Wajo Regency. In relation to previous research, there are similarities and differences with this research. The equation of research with previous research lies in the variable of free and bonded that is observed, which is an internal control system of good governance. As for the difference in the large sample used, the research object is observed and the findings obtained. The Research results of Hayton (2005), Daniesta (2011), Rukmini (2012), Amelia (2012), Shah (2012), Madjid (2012), and Rahmat (2013) also examined the internal control systems of apparatus that have positive and significant effect on good governance. The distinguishing thing lies in the variable indicators of internal control systems used which became the novelty of this research with previous research, where in this research internal control systems use indicators that refer to the theory of work activity control for government finance, while previous research refers to internal control systems of corporate finance.

#### **Competency of apparatus for financial management performance**

Based on the results of the data was found that there was a direct influence of the competency variable of the apparatus that is negative and significant to the performance of the financial management of Wajo District government. It can be interpreted that the apparatus's competence consisting of motives, properties, concepts of self, knowledge and skills are still low in the financial management of the area that causes negative effect, but the importance of apparatus competence is required significantly by the organization in improving the performance of financial management of local governments in actualized the work. Both in the activity of inputs, processes, outputs, outcomes, benefits and impact in the management of local finance. In relation to previous research, there are similarities and differences with this research. The equation of research with previous research lies in the variable of freely and tied observed that is apparatus competence for financial management performance. As for the difference in the large sample used, the research object is observed and the findings obtained. The Results of the research of Hayton (2005), Daniesta (2011), Risnandar (2011), Rukmini (2012), Amelia (2012), Madjid (2012), Abbas (2013), Farid (2013), and Rahmat (2013) also researched about the competence of apparatus that has positive and significant impact on financial management performance. The distinguishing thing lies in the results of research that became the novelty of this research with previous research, where in this research competence apparatus directly influence negative and significant to the performance of financial management.

#### **Internal control system of financial management performance**

Based on the research results there is a direct influence of the internal control system that is positive and significant to the performance of the financial management of Wajo District government. Local governments have actualized environmental improvements in managing financial management, improving the risk assessment of financial transactions, carrying out good control activities, providing precise and correct access to financial information and communication and continuously improving monitoring of financial management checks. The activities of this internal control system are conducted in a planned and sustainable manner which is the reason for positive effect on the performance of financial management of local governments. This can be seen significantly the well-actualized management performance of a series of input activities, processes, outputs, outcomes, benefits and impact generated. In relation to previous research, there are similarities and differences with this research. The equation of research with previous research lies in the

variable of free and bonded that is observed, which is the internal control system of financial management performance. As for the difference in the large sample used, the research object is observed and the findings obtained. The Results of the research of Hayton (2005), Daniesta (2011), Rukmini (2012), Amelia (2012), Shah (2012), Madjid (2012), and Rahmat (2013) also examined the internal control systems that positively and significantly affect the performance of financial management. The distinguishing thing lies in the variable indicators of internal control systems used which became the novelty of this research with previous research, where in this research internal control systems use indicators that refer to the theory of work activity control for government finance, while previous research refers to internal control systems of corporate finance.

### **Good governance of financial management performance**

Based on the results of the research found there is a direct influence of good governance positively and significantly to the performance of financial management of Wajo District government. This gives the meaning that the existence of governance plays an important role to implement in accordance with the principle of participation, transparency, effectiveness, efficiency, accountability, consensus responsibility, equality of rights, clear vision strategy and law enforcement to improve the performance of government financial management in accordance with input activities, processes, outputs, outcomes, benefits and impact on all activities of budget and financing managed by the Government of In relation to previous research, there are similarities and differences with this research. The equation of research with previous research lies in the variable of free and bonded which is observed that is good governance to the performance of financial management. As for the difference in the large sample used, the research object is observed and the findings obtained. The Results of the research of hayton (2005), Daniesta (2011), Rukmini (2012), Shah (2012), Abbas (2013), Dharma (2013) and Husmaruddin (2015) also researched about good governance of financial management performance. The distinguishing thing lies in the use of variable indicators of governance and financial management performance which became the novelty of this research with previous research, in which the research of governance refers to the indicators of good governance principles and the performance of financial management based on the theory of accountability.

### **Competency of apparatus through good governance to the performance of financial management**

The results of the research demonstrated competency of apparatus through good governance indirectly positively and insignificant effect on the financial management performance of Wajo District government. This gives the meaning that the apparatus competence that has been applied based on the motives, properties, concepts of self, knowledge and skills on good governance has a positive influence, but the actualization of apparatus competence through good governance is not significant to the performance of government financial management. In relation to previous research, there are similarities and differences with this research. The equation of research with previous research lies in the variable of free, between and bonded that is observed, namely apparatus competence through good governance to the performance of financial management. As for the difference in the large sample used, the research object is observed and the findings obtained. The Results of the Research of Hayton (2005), Daniesta (2011), Risnandar (2011), Rukmini (2012), Amelia (2012), Madjid (2012), Abbas (2013), Farid (2013), and Rahmat (2013) also researched about the competence of apparatus that has positive and significant effect on good governance and financial management performance. The distinguishing thing lies in the results of the research that is the novelty of this research with previous research, where in this research the competence of apparatus has indirectly effect positive and insignificant through good governance of financial management performance.

### **Internal control system through good governance to the performance of financial management**

The results of the study demonstrated an internal control system through good governance indirectly positive and significant effect on the financial management performance of Wajo District government. This gives the meaning that the internal control system that has been applied based on the work environment, risk assessment, control activity, information and communication as well as monitoring in good governance gives positive influence, so that the actualization of the Intenal control system through good governance is significant to the performance of government financial management. In relation to previous research, there are similarities and differences with this research. The equation of research with previous research lies in the variable of free, between and bound which is observed, which is an internal control system through good governance to the performance of financial management. As for the difference in the large sample used, the research object is observed and the findings obtained. The Results of the research of Hayton (2005), Daniesta (2011), Rukmini (2012), Amelia (2012), Shah (2012), Madjid (2012), and Rahmat (2013) also researched about internal control systems through good governance that have positive and significant effect on financial management performance. The distinguishing thing lies in the variable indicators of internal control systems used which became the novelty of this research with previous research, where in this research internal control systems use

indicators that refer to the theory of work activity control for government finance, while previous research refers to internal control systems of corporate finance.

## **VI. Conclusions And Suggestions**

Based on the results of the study can be concluded that the results found positive and insignificant research from the competency of apparatus for good governance, and the competence of apparatus through good Governance limited AP Financial Management Performance, Hacyl research needs to be improved. Found positive and significant research results from internal control system research on good governance, internal control system to financial management performance, good governance of financial management performance, and internal control system through good governance to Financial Management Performance, hAsil Research needs to be maintained. Found negative and significant research results from competency Research apparatus cP Financial Management Performance, hacyl research needs to be addressed.

Based on the results of analysis and discussion can be expressed some advice that can be considered as a consideration for researchers, academics, and the practice of Kompetenension apparatus should be improved by involving apparatus in a variety of education and training in the form of courses, orientation and simulation of financial management related to good governance; Internal Control systems should be maintained in connection with the environment of control, risk assessment, activity management, information and accounting and monitoring, in order to realize good governance; Competence apparatus still needs to be developed by continuously improving the motives, properties, concepts of self, knowledge and skills in the field of finance to improve the performance of regional financial management; Internal control systems should be maintained to improve the performance of regional financial management in generating inputs, processes, outputs, outcomes, benefits and good impact; Good governance should be maintained by continuing to implement the principles of participatory governance, transparent, effective, efficient, accountable, responsiveness, consensus, equality of rights, vision strategies and law enforcement to improve the performance of regional financial management; Competence apparatus needs to be continuously improved in the development of motifs, properties, concepts of self, knowledge and skills through good governance to improve the performance of regional financial management; The internal Control system maintains the environment of control, risk assessment, management activities, information and accounting and monitoring through good governance in improving the performance of regional financial management.

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