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Abstract:

The aims of this paper is to examine the effects of government internal control system (SPIP), accessibility financial report (ALK), local financial management transparency (TPKD), and local financial management accountability (APKD) toward local government performance (KPD) of Central Lombok Local Government of Indonesia. Type of this paper was causative research. The population in this study are internal and external stakeholders, with purposive sampling technique, and involving 150 respondents. The result of this test using SPSS 20 shows that Government internal control system has negative and not significant effect to local government performance, while Financial report accessibility, transparency, and accountability have positive and significant effect to local government performance. The results of this study can contribute to knowledge and development of accountancy literature especially public sector accountancy associated with local financial management and their implication to local government performance.

Keywords: Control, Accessibility, Transparency, Accountability, Performance, transparency, accountability.

Introduction

The performance of government agencies is closely linked to accountability and transparency. The implementation of various existing laws and regulations related to the application of the concept of accountability and transparency in financial management is expected to realize the management of good local government and stand on its people. Implementation of accountability and transparency in local financial management is expected to improve the performance of local governments. Local governments need to implement an internal control system in local financial management and facilitate accessibility for stakeholders in obtaining information on local financial report to create transparency and accountability in local...
financial management. This can add to the trust and support from various parties including the local government apparatus working more vigorously and discipline.

Based on the Evaluation Result Report (ERR) of the Ministry of Administrative Reform and Bureaucracy Reform (PAN-RB) on the accountability performance of the Civil State Apparatus (ASN) in 2016, the Government of Central Lombok regency obtains the CC title. “The CC / Less score indicates that there are many things that do not in sync between the program/activity and the results achieved. That is, there are still many implemented activities that are useless. This is a challenge for local governments to keep improving their performance,” Abnur (2017).

The CC predicate is not in line with the opinion of the audit of LKPD by the Supreme Audit Agency (BPK), that the government of Central Lombok regency obtains unqualified opinion in 5 (five) consecutive years from 2012 until 2016. The Government of Central Lombok Regency must continue to improve internal control system, compliance with statutory regulations, and accessibility of financial statements to maintain WTP opinion.

The current phenomenon of financial accountability is the Audit Result Report (LHP) of BPK for fiscal year 2016, there are 4 (four) weaknesses of the internal control system and there are 6 (six) findings of non-compliance with laws and regulations. This has a financial impact resulting in a loss to the financial statements of the local government of Central Lombok Regency.

“Society as a party that put trust to the government to manage public finances deserves to get government financial information to conduct an evaluation of the government,” Mardiasmo (2009: 20). The Government is obliged to provide financial information that will be used for economic, social and political decision making by interested parties.

Local government financial statement information can meet the principles of transparency and accountability if local governments continue to improve the accessibility of their financial statements.

One of the efforts of the local government of Central Lombok Regency in realizing transparency and accountability of regional financial management is through website http://lomboktengahkab.go.id/. On the website there are some important data related to the management of regional finances such as APBD report of Fiscal Year 2016, LPSE link (e-procurement) which still cannot be accessed until now. (Accessed Friday 30 June 2017).

Jensen and Meckling (1976) describes the contractual relationship between two different parties namely the principal as the party of the trustee with the agent as the recipient of the mandate. Furthermore, Zimmerman (1977), agency problems, occurred also in government organization, not just occur in the private sector. The responsibility that local governments show as the executive is how they are able to provide access for users of financial statements. Using financial reports reported by the agency as their responsibility, the principal may assess, measure, oversee transparent and accountable local financial management.

Spence (1973) as the inventor of the signaling theory (Signaling Theory) states that by providing a signal, the sender (owner of the information) seeks to provide relevant information utilized by the recipient. Implementation of a good internal system can be used to provide a good signal to the citizen. Moreover, to reduce asymmetry information, the government creates integrity and reliable and financial statements. The financial statements are then audited by the Inspectorate and BPK to be submitted to the DPRD as a form of accountability to the people.

Several studies have been conducted to examine the effect of SPIP and the accessibility of financial statements on transparency and accountability of local financial management. Researchers testing SPIP's influence on transparency of local financial management are Rakhman (2013) proving positive results, while Azizah (2014) concludes that SPIP has no effect on transparency. Aliyah et al (2012) and
Hehanusa (2015) proved empirically that the accessibility of financial statements has a positive and significant impact on the transparency of financial statements. Researchers who examine the influence of SPIP on the accountability of local financial management that are Kartika (2013), Pri mayani (2014), Aramide et al (2015), Lelly and Ke wo (2017) show different results. The influence of financial statement accessibility to the accountability of local financial management is done by Sande (2013) and Wiyana (2013) that the accessibility of local financial report has a positive and significant influence on the accountability of local financial management.

Research on the effect of transparency and accountability of local financial management on local government performance by Auditiya (2013) and Krisherdian (2015) proves the same result that transparency and accountability of local financial management have a positive and significant impact on local government performance. In the other hand, Astuti (2013) concluded that the transparency and accountability of local financial management do not bring effect on the performance of local governments. Sumbawati et.al (2017) and Sumbawati (2017) research toward determinant of Government internal control system and Transparency and accountability financial management and it implication toward local government performance found that:

1. The government's internal control system and the accessibility of financial statements have a positive and significant impact on the transparency of local financial management,
2. The government's internal control system has a positive and significant influence on the accountability of local financial management, while the accessibility of the financial report does not have significant positive effect on the accountability of local financial management,
3. Transparency has no implication on the performance of local governments, otherwise accountability of local financial management has implications for the performance of local governments. This research used PLS program for analyzing their research.

The motivation to do this research is because there is still a research gap from previous research and the phenomenon of BPK auditor's findings on the weakness of internal control system, non-compliance with legislation from internal stakeholder perspectives and external stakeholders on the application of government internal control system and financial statement accessibility.

Based on the explanation above, the problem in this research is formed as follows:

1. Does the government's internal control system and the accessibility of financial statements have a positive effect on the transparency of local financial management?
2. Does the government's internal control system and financial statement accessibility have a positive effect on the accountability of local financial management?
3. Does the transparency and accountability of local financial management have a positive effect on local government performance?

The of this research is: To test and obtain empirical evidence on the effect of government internal control system, financial statement accessibility, transparency of local financial management, and accountability of regional financial management toward performance of the Regional Government of Central Lombok Regency.

Literature Review, Conceptual Frame and Hypothesis

Literature Review

According to Jensen and Meckling (1976) describes the agency relationship (Agency Theory) is a contract made by the shareholders (principals) and managers (agents) in which the shareholders (principal) authorize the manager (agent) decision making to the agent. Furthermore, Zimmerman (1977), agency problems, occurred also in government organization, not just occur in the private sector. Society regarded as principles that mandate / authority to the government as an agent, in
performing the duties of government to improve people's welfare.

Spence (1973) as the inventor of the signaling theory (Signaling Theory) states that by providing a signal, the sender (owner of the information) seeks to provide relevant information utilized by the recipient. The receiving party will then adjust his behavior according to his understanding of the signal. This signaling principle teaches that every action contains information. This is due to the information asymmetry in which a party has more information than the other party.

According to Mahsun (2006: 77): "Performance is a description of the level of achievement of the implementation of an activity / program / policy in realizing the goals, objectives, mission and vision organization contained in strategic planning of an organization.

According to Chabib (2010: 10), the financial management needed to control the local financial policy include:
1. Accountability
2. Value for money
3. Honesty in managing public finances
4. Transparency
5. Control.

Transparency is to provide open and honest financial information to the public based on the consideration that the public has the right to know openly and thoroughly the government's accountability in the management of the resources entrusted to it and its compliance with legislation, Nordiawan (2006:131).

Accountability of local financial management is the responsibility of financial integrity, disclosure and compliance with laws and regulations. The targets are financial statements that include the receipt, storage and financial expenditures of local government agencies (LAN and BPKP, 2003).

PP 60 of 2008 establishing the existence of the internal control system control that should be implemented at the level of central and local government. COSO (2013); Arens et al (2014: 315); Konrath (2002:205); Whittington (2001:242) mentioned components of internal control consist of five components, namely:

1. Environmental control.
2. Risk Assessment.
3. Activity Control.
4) Information and Communication.
5) Supervision.

This opinion is also supported by Government Regulation No 60 of 2008; Dinapoli (2007:9); Harison (2013:235).

In Law Number 33 Year 2004 regarding Financial Balance between Central Government and Local Government article 103, it is stated that the in- formation mentioned in Regional Financial Information System (SIKD) is open data which can be known, accessed and obtained by the citizen.

In an open democracy, this access provided by the media, such as newspapers, magazines, radio, television stations, and websites (internet); And forums that provide direct attention or incentives that encourage government accountability to the citizen. (Shende and Bennet, 2004).

Conceptual Frame

Signal theory is used to explain the effect of SPIP on transparency and accountability of local financial management. Application of SPI is a form of government (agent) to the people (principal). Implementation of a good internal system can be used as a means to provide a good signal to the citizen. The control system is designed to gain sufficient confidence in achieving the objectives of financial statement reliability and compliance with laws and regulations. Moreover, this theory explains the effect of transparency and accountability of financial management to government performance. To reduce asymmetry information, the government creates integrity and reliable and financial statements. The financial statements are then audited by the Inspectorate and BPK to be submitted to the DPRD as a form of accountability to the people
The agency relationship is the relationship between the principal and the agent in whom the agent acts on behalf of and for the interests of the principal and for its actions, the agent receives a certain reward,” Suwardjono (2012: 485). Agency theory also states that agents are opportunistic and tend to dislike the risk of stakeholder trust toward government. The responsibility that local governments show as the executive is how they can provide access for users of financial statements. Using financial reports reported by the agency as their responsibility, the principal may assess, measure, oversee transparent and accountable local financial management.

The conceptual framework of this research can be drown as follows:

![Diagram](image)

**Figure 1. Research Method**

**Note:**
SPIP: Government Internal Control System
ALK: Accessibility Financial Report
TPKD: Local Financial Management Transparency
APKD: Local Financial Management Accountability
KPD: Local Government Performance

**Hypothesis**
Based on the conceptual framework above, it can be put hypothesis as follows:

**H1:** The government's internal control system has a positive effect on the performance of local government.

**H2:** The accessibility of financial statements has a positive and significant impact on the performance of local government.

**H3:** The transparency of local financial management has a positive and significant impact on the performance of local government.

**H4:** The accountability of local financial management has a positive and significant impact on the performance of local government.

**Research Method**
“The type of research used is associative research, which is a research that aims to determine the relationship between two variables or more,” Sugiyono (2013: 55). The population in this test is all SKPD in Central Lombok District Government, which is referred to as internal stakeholders. Those included 32 SKPD, Auditor Inspectorate and external stakeholders consisting of members of DPRD, NGO/foundation, and entrepreneur. The study was conducted in March 2017 to April 2017. “Population is a generalization area consisting of objects / subjects that have certain qualities and characteristics decided by researchers to be studied and then drawn conclusions,” Sugiyono (2013: 80). “Sampling technique is taken based on purposive sampling technique which is based on certain considerations or criteria according to the purpose of research,” Sugiyono (2015: 67). Sample in this research are SubHead of Finance Unit of SKPD 9 people, Finance Staff of SKPD 26 people, Auditor Inspectorate 20 people, 10 members of DPRD, 10 NGOs, and Entrepreneur 75 persons, therefore the sample number is 150 people.

Methods of data collection is done by filling the questionnaire. According Sugiyono (2015: 142) questionnaire is a technique of gathering data which is done by giving a set of questions or statements written to the respondent to answer. This study consists of four independents variables, namely the government's internal
control system, and the accessibility of financial statements and one dependent variables, namely transparency and accountability of local financial management and local government performance.

Government Internal Control System which is abbreviated as SPIP pursuant to RI Government Regulation Number 60 / 2008 is Internal Control System which is held thoroughly in the environment of central government and local government. The variable, measured by Likert scale, 5 indicators, 31 statements, is an adaptation of the Irwan’s research questionnaire (2011) by modifying it based on Government Regulation Number 60/2008. Accessibility of financial statements in this study is the ability to provide access for stakeholders to find or obtain information on financial statements based on easy principles and at low cost. The variables were measured by Likert scale, 2 indicators and 2 statements adaptation of Sande’s research (2013).

“Transparency is the government's openness in making regional financial policy to make it be known and supervised by DPRD and Citizen,” Mardiasmo (2004: 30). The variables were measured using the Likert scale, 6 indicators and 6 statements that were adapted from Rakhman’s research (2013). The accountability of local

financial management in this study is accountable for financial integrity, disclosure and compliance with laws and regulations. The variables were measured using Likert scale, 3 indicators and 12 statements developed from Sande’s (2013). The performance of local government is a description of the level of achievement of the implementation of an activity / program / policy in realizing the goals, objectives, mission, and vision of the organization as stipulated in the formulation of strategic scheme (strategic planning) of an organization. The variables were measured using Likert scale, 6 indicators and 7 statements developed from Hidayat’s research (2015). Data analysis used in this research is SPSS20.

Results And Discussion

Research Instrument Validity Test Results

The validity test is aimed at content validity (variable content), which shows how much the question items represent the indicators being measured. Validity is measured using Karl Pearson’s Product Moment correlation, with the criterion that if the calculated r value is > critical r 0.30, it means it is valid (Sugiyono, 2014: 126). The results of the validity test are presented in Table 1 below.

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Indicator</th>
<th>R Account</th>
<th>R Critise</th>
<th>Inaormation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SPIP</td>
<td>SP1</td>
<td>0.772</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SP2</td>
<td>0.761</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SP3</td>
<td>0.806</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SP4</td>
<td>0.810</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SP5</td>
<td>0.846</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SP6</td>
<td>0.842</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SP7</td>
<td>0.848</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SP8</td>
<td>0.889</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SP9</td>
<td>0.890</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>SP10</td>
<td>0.874</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td>2</td>
<td>ALK</td>
<td>ALK1</td>
<td>0.866</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ALK2</td>
<td>0.835</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>ALK3</td>
<td>0.861</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td>3</td>
<td>TPKD</td>
<td>TP1</td>
<td>0.818</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TP2</td>
<td>0.693</td>
<td>0.3</td>
<td>Valid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TP3</td>
<td>0.789</td>
<td>0.3</td>
<td>Valid</td>
</tr>
</tbody>
</table>
From the validity test in Table 1 above, it shows that all the indicators used in this research have correlation values above the critical value, namely >0.3. So the research questionnaire used in this research is stated valid and indicators for each research variable can be included in the next stage, namely reliability testing.

### Reliability Test
Reliability shows that an instrument is consistent if measurements are taken several times to produce the same data. Reliability testing in this research was carried out using tests available in SPSS 16 software. An indicator is said to be reliable if it provides Cronbach's Alpha > 0.7 (Muhidin, 2010:31). The results of reliability testing are presented in Table 2.

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Cronbach Alpha</th>
<th>Criteria</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SPIP</td>
<td>0.952</td>
<td>0.7</td>
<td>Reliable</td>
</tr>
<tr>
<td>2</td>
<td>ALK</td>
<td>0.814</td>
<td>0.7</td>
<td>Reliable</td>
</tr>
<tr>
<td>3</td>
<td>TPKD</td>
<td>0.778</td>
<td>0.7</td>
<td>Reliable</td>
</tr>
<tr>
<td>4</td>
<td>APKD</td>
<td>0.885</td>
<td>0.7</td>
<td>Reliable</td>
</tr>
<tr>
<td>5</td>
<td>KPD</td>
<td>0.799</td>
<td>0.7</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Source: Data Processed

Based on Table 2, from the results of reliability testing by looking at Cronbach Alpha in Reliability Statistics, each variable has shown results, namely a Cronbach alpha value > 0.7.

### Descriptive Statistical Analysis
In quantitative research, after the data is collected, the stage that must be carried out is analyzing the data. This data analysis is intended to group data based on the variables studied, tabulating data based on variables obtained from all respondents. As the name suggests, descriptive statistical analysis aims to describe the data that has been collected without generalizing or applying only to the sample. The descriptive statistical measurement standards based on assessment categories can be seen in the following table.
Table 3. Rule of Thumb Descriptive Statistics Category Values

<table>
<thead>
<tr>
<th>No</th>
<th>Type Measurement</th>
<th>Attribute</th>
<th>Value</th>
<th>Category V</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Response of Respondents</td>
<td>Mean</td>
<td>&lt; 1.8</td>
<td>Not Good</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1.8 – 2.6</td>
<td>Less Good</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2.6 – 3.4</td>
<td>Enough</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3.4 – 4.2</td>
<td>Good</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>&gt; 4.2</td>
<td>Better</td>
</tr>
<tr>
<td>2</td>
<td>Sebaran Data</td>
<td>Coefficient Varies</td>
<td>Getting closer to 1 or &gt; 1</td>
<td>Homogeneous Data/ Worse</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Endogenous variable CV</td>
<td>The closer it is to 0 &lt;</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Endogenous variable CV</td>
<td>Heterogenous Data/ Good</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Skewness</td>
<td>Symmetries (Skewness Zero) /</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+ (positive) / &gt; +1</td>
<td>To the left / Not normal</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>0 (nil) / -1 &lt; x &gt; +1</td>
<td>Symmetries (Skewness Zero) /</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- (negative) / &lt; -1</td>
<td>To the right / Not normal</td>
</tr>
<tr>
<td>4</td>
<td>Kurtosis</td>
<td>Kurtosis</td>
<td>&gt; +1</td>
<td>Platykurtic / Sloping / Not Normal</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-1 &lt; x &gt; + 1</td>
<td>Mesokurtic / Middle / Normal</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>&lt; -1</td>
<td>Leptokurtic / Sharpe / Not</td>
</tr>
</tbody>
</table>

Source: Hair et al. (2014); dan Umar (2008)

The average assessment of respondents’ responses is presented in Table 4 as follows:

Table 4. Assessment of Respondents' Responses to Research Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std.Dev</th>
<th>Coefficient Varies</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7= 6:5</td>
<td>8</td>
</tr>
<tr>
<td>SPIP</td>
<td>150</td>
<td>1.0</td>
<td>5.0</td>
<td>3.58</td>
<td>0.87</td>
<td>0.24</td>
<td>-0.60</td>
<td>0.57</td>
</tr>
<tr>
<td>ALK</td>
<td>150</td>
<td>1.0</td>
<td>5.0</td>
<td>3.50</td>
<td>0.88</td>
<td>0.25</td>
<td>-0.45</td>
<td>0.21</td>
</tr>
<tr>
<td>TPKD</td>
<td>150</td>
<td>1.0</td>
<td>5.0</td>
<td>3.32</td>
<td>0.87</td>
<td>0.26</td>
<td>-0.62</td>
<td>-0.06</td>
</tr>
<tr>
<td>APKD</td>
<td>150</td>
<td>2.0</td>
<td>5.0</td>
<td>3.68</td>
<td>0.81</td>
<td>0.22</td>
<td>-0.66</td>
<td>0.63</td>
</tr>
<tr>
<td>KPD</td>
<td>150</td>
<td>1.0</td>
<td>5.0</td>
<td>3.44</td>
<td>0.88</td>
<td>0.25</td>
<td>-0.67</td>
<td>0.21</td>
</tr>
</tbody>
</table>

Source: Data Processed

Based on the table above that responses of respondents were in good to very good, and from skewness and Kurtosis the data is normal. Hence the instruments of research fulfill all the requirements.

Multiple Regression Analysis

Based on these table, it shows table multiple regression was employed in this research has a result of adjusted R square 0.703 or 70.3%. This is means that independent variables observe has effect to dependent variable are 70.3% while the rest would affect by another variable that is not observe in this research.

Table 5. Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.843a</td>
<td>.711</td>
<td>.703</td>
<td>.35696</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), X4, X1, X3, X2
Furthermore, the result of corresponding variable is shown in table below:

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.183</td>
<td>.196</td>
<td>.929</td>
</tr>
<tr>
<td>X1</td>
<td>-.024</td>
<td>.046</td>
<td>-.026</td>
<td>-.523</td>
</tr>
<tr>
<td>X2</td>
<td>.199</td>
<td>.062</td>
<td>.228</td>
<td>3.220</td>
</tr>
<tr>
<td>X3</td>
<td>.360</td>
<td>.063</td>
<td>.348</td>
<td>5.720</td>
</tr>
<tr>
<td>X4</td>
<td>.396</td>
<td>.063</td>
<td>.405</td>
<td>6.332</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Y

From these table above, the formulation of regression as follows:

\[ Y = a + bX1 + cX2 + dX3 + eX4 + \ldots + e \]

\[ KPD = 0.183 - 0.024 SPIP + 0.199 ALK + 0.360 TPKD + 0.396 APKD \]

**Discussion**

**Effect of Government Internal Control System on Local Government Performance**

The results of the first hypothesis testing, through SPSS 20 shows that the value of T-statistics < t-table is -0.523> 1.64. This shows that the internal control system has a negative and not significant impact on the local government performance. This is in accordance with Government Regulation No. 60 Year 2008 article 2 paragraph 1 that "To achieve effective, efficient, transparent and accountable state finance management, ministers / heads of institutions, governors and regents / mayors are required to control over the administration". This means that the better internal control system, the transparency of local financial management becomes better. The results of this study are not in line with the results of research conducted by Rakhman (2013).

**Effect of Accessibility of Financial Statements on Local Government Performance**

Results of testing the second hypothesis, through SPSS 20 shows that the value of T-statistics > t-table is 3.220>1.64. This shows that the accessibility of financial statements has a positive and significant impact on the transparency of local financial management. Transparency of local financial management has been shown by the Government of Central Lombok through the existence of website. By providing easy access for users of financial statements, it will enable the operation of a good control function on the accountability of the use of local assets as well as control over the financial policies taken by the government, whether controlled by external user or internal financial statements. The easier way for the people to access the financial statements of the regions, the more transparent the management of regional finances is. The results of this study are in line with the results of Aliyah et al (2012) and Hehanusa (2015).

**Effect of Transparency of Regional Financial Management to Local Government Performance.**

The results of the fifth hypothesis testing, through the PLS shows that the value of T-statistics <t-table is 5.720> 1.64. This shows that the transparency of local financial management does have implications for local government performance. The result of this research is caused by transparency of local financial management which is published through newspaper media. Newspaper media is the most inexpensive and easy media. Public ignorance of financial statements causes a lack of community control over local government performance. Central Lombok Regency Government gets CC title from the Ministry of Administrative Reform.
and Bureaucracy Reform which means it is not synchronize between programs / activities with the results achieved. That means, there are still many activities that are not useful implementation. The results of this study support the results of research Astuti (2013). However, the results of this study are in line with the results of Krisherdian’s (2015) which shows positive results, the more transparent local financial management, the easier it is for public to control policies that affect the performance of the government.

**Effect of Regional Financial Management Accountability on Local Government Performance**

The results of testing the sixth hypothesis, through PLS shows that the value of T-statistics > t-table is 6.332 > 1.64. This indicates that the accountability of local financial management has implications for the performance of local governments. This can be proved from the opinion of the WTP from the BPK that the Central Lombok Regency Government achieved 5 times in a row. This supports the results of research conducted by Puspita and Martini (2010) "Government through the auditor inspectorate to audit the financial statements and need to get opinions from BPK. The opinion is a signal indicated to the principal that the agent has carried out his duties and responsibilities as the bearer of the citizen's mandate." The results of this study also support Auditiya’s (2013). The more accountable is the financial management, performance of government getting improved. However, this result is not in line with Astuti's research (2013) that accountability of local financial management does not has effect on the performance of local government. Improving the accountability of regional financial management is expected to be able to maintain the opinion of the PAPs achieved by Central Lombok Regency Government which ultimately improve the performance of local government.

**Conclusion**

The conclusions that can be drawn from this pilot project are as follows:

1. The government's internal control system does not have positive and significant effect toward local government performance. Hence, hypothesis 1 is rejected.

2. The accessibility of the financial report does have significant positive effect on the local government performance. Hence, hypothesis 2 is accepted.

3. Transparency does have positive and significant effect on the performance of local governments, so hypothesis 3 is accepted.

4. Accountability does have positive and significant effect to the performance of local government, so hypothesis 4 is accepted.

**Implications**

The results of this study can contribute to knowledge and development of accountancy literature especially public sector accountancy associated with local financial management and their implication to local government performance. The results of this study can be used as a consideration for decision makers in the local government of Central Lombok in determining the specific policies related to the implementation of the government's internal control system, and the accessibility of financial statements. The policies taken can maximize the transparency and accountability of local financial management and ultimately expected to improve the performance of local government.

**Limitations and Suggestions**

The study requires refinement of the research instrument used by refining the statement on the questionnaire for each indicator to get qualified validity and reliability, in other word, it cannot be dropped from the model. Based on the existing limitations, the proposed suggestions are:

1. Indonesian Government has to be aware of applied the role and regulation toward evaluation of local government performance. This is cause
by different part of local government will have different approaches. As result of this research found that was not all of 58 determinant factors could be used as an evaluation for performance of Central Lombok Regency, NTB province performance.

2. For the future research, the researcher has to be aware of the local wisdom of each region in Indonesia, so this local wisdom could be added as a variable for the next research.

References


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