

## THE IMPACT OF INTERNAL CONTROL SYSTEMS, PUBLIC SECTOR ACCOUNTING, GOOD GOVERNANCE, AND FINANCIAL MANAGEMENT SUPERVISION ON SURABAYA CITY'S REGIONAL APPARATUS ORGANIZATIONS' PERFORMANCE

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### ABSTRACT

*The purpose of this research is to look at how Surabaya City Government's local government entities perform in terms of public sector accounting, good governance, internal control systems, and financial management oversight. To gather data for this study, quantitative methods were used, and questionnaires were distributed to respondents working in the field of government finance management. The findings suggest that the performance of local government organizations can be significantly improved by implementing strong public sector accounting, solid governance standards, and efficient internal control systems. In addition, strict oversight of financial management can improve accountability and transparency, both of which can increase public trust in government. To achieve the best performance of regional apparatus organizations, the Surabaya City Government should continue to enhance its application of good governance principles and public sector accounting standards, as well as develop its internal control and supervision system. This research is believed to help build better financial management strategies and government regulations in the future. This study is expected to contribute to the scientific literature and serve as a reference for future research, as well as provide guidance to the Surabaya City Government on how to improve the performance of regional apparatus organizations by implementing public sector accounting and good governance principles.*

**Keywords:** *Public Sector Accounting, Good Governance, Internal Control Systems, Financial Management Supervision, Institutional Performance.*

### INTRODUCTION

One of the main challenges in the implementation of regional autonomy is the performance of local governments, especially in fulfilling the public's desire for open and accountable public services. The performance of regional apparatus organizations is strategically supported by the application of public sector accounting, good governance, internal control systems, and supervision of financial management by the Surabaya City Government. The public demands financial management that is efficient, transparent, and free from irregularities as a form of government accountability.

However, there are still various obstacles, such as the application of public sector accounting that is not optimal, the implementation of uneven governance, weak internal control systems, and ineffective financial supervision. This can hinder efforts to improve the performance of regional apparatus organizations and create a negative perception of the integrity of public services. Based on theory and previous research, these factors are interconnected in driving improvements in organizational performance.

This study aims to see how the application of public sector accounting, good governance, internal control systems, and financial management supervision affect the performance of regional apparatus organizations in Surabaya City Government. The quantitative technique used in this research is intended to provide intellectual and practical contributions in making public policies that support the improvement of local government performance.

## Literature Review

### Public Sector Accounting

Public sector accounting is a branch of accounting designed for use by public entities, such as government agencies, non-profit organizations, and other institutions that focus on providing services to the public without being profit-oriented. According to (Mardiasmo, 2021), Public sector accounting plays a crucial role in promoting transparency and accountability in financial management, and serves as a control tool to prevent budget abuse.

Previous research revealed that effective public sector accounting can support the improvement of the quality of performance of regional apparatus organizations through the provision of transparent and accountable financial reports. However, there are also research findings that show that the effect on performance is not significant, thus opening up opportunities for more in-depth research (Pamungkas, 2019);(Salamah et al., 2021).

### Good Governance

Good governance refers to organizational governance that promotes transparency, accountability, responsiveness, and ethics. The main principles of good governance, such as accountability, transparency, effectiveness, efficiency, participation, and legal certainty, are the basis for building good governance. (Sedarmayanti, 2021).

Research (Israr & Syofyan, 2022) revealed that the implementation of good governance principles has a significant impact on improving the performance of regional apparatus organizations. However, other studies have found that challenges such as resistance from employees and weak enforcement of rules become obstacles in implementing these principles optimally (Noormansyah & Arkeda Sirkomba, 2022).

### Internal Control System

An internal control system is a collection of guidelines and practices intended to protect company resources, ensure the accuracy of financial data, and stop fraud. According to (Mulyadi, 2021) An effective internal control system consists of five main components, i.e. information, communication, monitoring processes, control activities, risk assessment, and control environment.

Research by (Utama, 2020) An effective internal control system has a significant impact on improving the performance of regional apparatus organizations. However, research (Azizah & Hidayat, 2023) revealed that internal controls do not always have a significant effect, emphasizing the importance of context-specific evaluation.

### Financial Management Supervision

Oversight in financial management involves the process of monitoring and evaluating the utilization of financial resources to ensure compliance with applicable regulations. According to (Fahrojih, 2016) said that regular audits can be used to conduct this oversight both internally and externally.

(Purnama & Nadirsyah, 2018) found that effective supervision significantly contributes to improving the performance of local government organizations by strengthening accountability and transparency. However, research (Amali & Suwandi, 2021) revealed that supervision does not always have a significant impact, especially if the monitoring and reporting system does not function optimally.

## Performance of Regional Apparatus Organizations

The performance of the regional apparatus organization reflects the extent to which the goals, objectives and vision set by the local government are achieved. According to (Mahmudi, 2020) stated that this performance is influenced by transparent financial management, effective control systems, and the application of good governance principles.

Previous research shows that public sector accounting, good governance, internal control systems, and financial management supervision play a role in improving the efficiency and effectiveness of regional apparatus organization performance (Pamungkas, 2019);(Utama, 2020).

## RESEARCH METHODS

In order to investigate the impact of good governance, internal control system, public sector accounting, and financial management supervision, this study uses quantitative methodology and survey approach to analyze the performance of regional apparatus organizations in Surabaya City Government.

## RESULTS OF RESEARCH AND DISCUSSION

This study looks at how the regional apparatus of the Surabaya City Government performs in relation to the implementation of public accounting, good governance, internal control systems, and financial management oversight. 57 respondents, who were officials and staff members of local government work units (SKPD), provided the data. All independent factors have a beneficial impact on the performance of regional apparatus organizations, according to the findings of multiple linear regression tests. In this manner:

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,564	2,003		0,282	0,779
	Total Penerapan Akuntansi Sektor Publik	0,174	0,090	0,181	1,929	0,059
	Total Good Governance	0,306	0,084	0,336	3,658	0,001
	Total Sistem Pengendalian Internal	0,434	0,086	0,424	5,066	0,000
	Total Pengawasan Pengelolaan Keuangan	0,090	0,070	0,093	1,287	0,204

a. Dependent Variable: Total Kinerja Instansi

Source: Data Primer diolah SPSS 24

The results of the regression equation, the constant value is 0.564, meaning that the Application of Public Sector Accounting (X1), Good Governance (X2), Internal Control System (X3) and Financial Management Supervision (X4) are considered constant, the level of performance of regional apparatus organizations is constant at 0.564.

The regression equation's variable application of public sector accounting (X1) of 0.174 indicates that, if all other independent variables remain constant, a 1% increase in the use of public sector accounting will result in a 0.174 improvement in the performance of regional apparatus organizations.

The results of the regression equation, the good governance variable (X2) of 0.306 means that every 1 increase in good governance will cause an increase of 0.306 in the performance of regional apparatus organizations, noting that the other independent variables are constant.

The results of the regression equation, the internal control system variable (X3) of 0.434 means that an increase in the internal control system by 1% causes an increase in the performance of regional apparatus organizations by 0.434, provided that the other independent variables are constant.

According to the results of the regression equation, the financial management oversight variable (X4) of 0.090 indicates that, assuming all other independent variables remain constant, every one rise in SPIP leads in a 0.090 increase in the performance of regional apparatus organizations.

### **Discussion**

The study's findings are in line with theory and earlier research that highlights how crucial it is to combine internal control and financial governance elements in order to enhance the effectiveness of regional apparatus organizations.

### **Implementation of Public Sector Accounting**

In accordance with the theory (Mardiasmo, 2021) The implementation of transparent and accountable public accounting creates a reliable financial system that is free from irregularities. This research also supports the findings of (Pamungkas, 2019) which states that financial transparency helps improve organizational efficiency.

### **Good Governance**

Principles of good governance, such as transparency and accountability, have been shown to play an important role in creating public trust. This finding supports the research (Israr & Syofyan, 2022), which shows that good governance contributes significantly to performance improvement.

### **Internal Control System**

The effectiveness of internal control in preventing budget abuse confirms the importance of components such as the control environment and risk monitoring. This is consistent with research (Utama, 2020), which shows a positive relationship between internal control and organizational performance.

### **Financial Management Supervision**

Strict supervision of financial management is proven to improve budget efficiency and transparency. This result is consistent with research (Purnama & Nadirsyah, 2018), which emphasizes the importance of internal and external audits in creating financial accountability.

### **Research Implications**

This research confirms that the performance of regional apparatus can be improved by implementing strong financial governance by integrating public sector accounting, good governance, internal control systems, and financial management supervision. To create a responsible and effective workplace, Surabaya City Government should further improve the implementation of these elements.

## CONCLUSIONS

The purpose of this study was to examine how the performance of Surabaya City Government regional apparatus in relation to the application of government accounting, good governance, internal control systems, and financial management supervision. From the results of research and data analysis, the following conclusions can be drawn:

1. The application of government accounting has a significant effect on the performance of regional apparatus organizations, with transparency and accountability being the most important factors that increase public trust.
2. Good Governance has a significant effect on performance, especially through the application of the principles of transparency, accountability, and public participation.
3. Internal Control System has a significant influence in preventing irregularities and increasing the efficiency of organizational operations.
4. Financial Management Oversight contributes positively to organizational performance, especially through internal and external audits that strengthen financial accountability.
5. Simultaneously, these four independent variables make a significant contribution to improving the performance of regional apparatus organizations, confirming the importance of synergy between good financial governance and internal control.

These findings suggest that in order to attain optimal organizational performance in the public sector, accounting must be integrated with internal control systems, strong governance, and financial management oversight.

### Advice

Based on the research findings, several recommendations can be made:

#### For Surabaya City Government

1. To guarantee open and responsible financial reporting, improve employee training and capacity building in the use of public sector accounting.
2. Strengthen the application of good governance principles such as community participation and law enforcement to achieve better governance.
3. Optimize the internal control system by updating supervisory guidelines and strengthening regular risk monitoring.
4. Improve the effectiveness of financial supervision through integrated audits and transparent reporting.

#### For Future Researchers

1. Examine other factors that can affect the performance of regional apparatus organizations, such as information technology, employee competence, or organizational culture.
2. Conduct longitudinal research to analyze changes in the performance of regional apparatus organizations over a longer period of time.
3. Expanding the scope of research to other local governments to obtain more generalizable results.

#### For the Community

Actively participate in the process of supervising and monitoring governance to improve accountability and transparency of public services. The Surabaya City Government is expected to meet public expectations to improve public services and improve the performance of regional apparatus on an ongoing basis if these recommendations are implemented regularly

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