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# EFFECT OF REGIONAL FINANCIAL MANAGEMENT AND REGIONAL MANAGEMENT INFORMATION SYSTEM ON FINANCIAL PERFORMANCE (Study on Regional Device Organization in Gorontalo Province)

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## ABSTRACT

This study aims to find out and analyze the Influence of Regional Financial Management and Regional Management Information System on Financial Performance (Study on Regional Device Organization of Gorontalo Province). The population of this study is 26 regional device organizations (OPD), with a sample of 116 people located in Gorontalo Province. The data used is the primary data from the results of empirical research through questionnaires to the State Civil Apparatus as respondents and data from direct interviews with respondents as well as secondary data obtained from relevant agencies regarding data deemed relevant to this study. Testing is done by analysis method using Structure Equation Modelling. This research proves that regional financial management has a significant impact on financial performance. Regional management information systems have a significant impact on financial performance. regional device organization (OPD) in Gorontalo Province.

**KEYWORDS:** Regional Financial Management, Regional Management Information System and Financial Performance.

## I. INTRODUCTION

In accordance with the mandate of the Law of the Republic of Indonesia No. 17 of 2003 concerning State Finance, (2003) mentioned in article 3 of the State finances are managed in an orderly manner, complying with the laws and regulations, efficient, economical, effective, transparent, and responsible by paying attention to the sense of fairness and propriety because all revenues that become rights and expenditures that become regional obligations in the relevant fiscal year must be included in the Regional Budget (APBD). Further strengthened in article 6 paragraph 2 point c mentions all responsibilities handed over to the governor / regent / mayor as the head of local government to manage local finances and represent the local government in the ownership of regional wealth separated.

Furthermore, in the Law of the Republic of Indonesia number 9 of 2015 concerning the second amendment to Law No. 23 of 2014 on local government states that the efficiency and effectiveness of local government implementation needs to be improved by paying more attention to aspects of relations between the governance and intergovernmental arrangements, the potential and diversity of regions, opportunities and challenges of global competition by giving the widest authority to the regions accompanied by the granting of rights and obligations to organize regional autonomy in the unity of the state government implementation system. Therefore, the local government must be able to organize its government in order to create good local governance. Systematic evaluation, monitoring, and performance measurement systems to measure the progress achieved by local governments over a period of time also need to be implemented.

Performance measurement is strengthened by the exit of Government Regulation of the Republic of Indonesia Number 12 of 2019 concerning Regional Financial Management, (2019) article 1 paragraph 32 mentioning performance is the output / result of activities / programs that will or have been achieved in connection with the use of budgets with measurable quantity and quality. Performance measurement is critical to assessing the accountability of organizations and managers in producing better public services. The public sector performance

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measurement system aims to help public managers assess the achievement of a strategy through financial and non-financial measuring instruments. The financial performance of local governments in Indonesia is determined by several factors. One of them is the characteristic of the area. As the results of research from Sumarjo, (2010) explained that the financial performance of the district / city government in Indonesia is simultaneously influenced by the characteristics of the local government.

The financial performance of local governments can encourage the improvement of the implementation of regional autonomy. This is in accordance with halim's opinion (2007) explains that the main characteristic of a region that is able to carry out autonomy, namely (1) regional financial capability, meaning that the region must have the authority and ability to explore financial resources, manage and use its own finances adequately enough to finance the implementation of its government, and (2) dependence on central assistance should be minimal, so that the original revenue of the region (PAD) can be the largest part of the financial resources so that the role of local government becomes greater.

Increasing the target of receiving local revenues to encourage the level of dependence of local governments on the central government through the assistance of general allocation funds and special allocation funds requires the role of local governments to improve financial performance so that dependence on the central government can be minimized properly. Therefore, financial performance that becomes an important point in analyzing against the factors that affect the financial performance of local governments is important to do.

Factors that support financial performance improvement activities are by improving financial management, government internal control system and regional management information system requires a basic scope of activities so that targeted achievements can be achieved properly.

Improving regional financial management requires planning and control, this is in line with research conducted by Hariadi (2014:7) referred to Rondonuwu et al., (2015) stated that the government budget has several main functions, namely planning tools for controlling fiscal policy tools, political tools, coordination and communication tools, performance assessment tools, motivational tools, and tools to create public spaces. Regional financial management is a whole activity that includes implementation planning, administration, reporting, accountability, and supervision of regional finance. Regional financial management must be conducted in an orderly manner, complying with applicable regulations, efficient, effective, transparent and responsible by paying attention to the principles of fairness and compliance. The ability of local governments in managing finances is set forth in the Regional Budget (APBD) directly or indirectly reflects the ability of local governments in financing the implementation of development government tasks, and community social services.

Kurrohman, (2013) said that the paradigm change of local budget is done to produce local budgets that truly reflect the interests and expectations of local communities towards the management of regional finance economically, effectively and efficiently.

To improve the management of regional finances that are economical, effective and efficient, there needs to be the implementation of a regional management information system (SIMDA) which is an element that interacts to achieve certain objectives and increases the security of accountability related to local government financial reporting. Syawie et al., (2017) said that the use of regional management information system (SIMDA) as a support tool for the implementation of financial management makes it easier for financial managers in regional device organizations (OPD) to produce more accurate financial liability, SIMDA is equipped with spending restrictions, if it has exceeded the amount of budget available then the system will reject such expenditures. The implementation of regional management information system is expected to improve the usefulness of the system and is expected to improve the performance of local government officials in order to meet public demands on transparency and accountability of government agencies.

To meet the demands of the community related to transparency and accountability of the gorontalo provincial government, although it was only classified as a region expanded about 20 years ago, but the development and improvement of community welfare began to show its main progress in aspects of regional financial management and revenue realization.

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The level of local native income (PAD) fluctuates every year, this demands the local government to implement more management, supervision and accurate information related to the decrease and increase in local native income. The decrease in revenue percentage is required to improve the financial performance of local governments, in line with improved financial governance and seasonal patterns to achieve development targets and realize economic growth. This is to ensure the achievement of the vision and mission of development in line with the target of local governments to improve the level of social inequality, poverty level, open unemployment rate and Human Development Index (HDI) in Gorontalo Province. Based on the above phenomenon, researchers are interested in conducting research with the title: Influence of Regional Financial Management and Regional Management Information System (SIMDA) on Financial Performance (Study on regional device organization in Gorontalo Province).

## II. LITERATURE REVIEW

### 1. Local Government Financial Performance

Mardiasmo, (2009) describes the understanding of financial performance is an achievement achieved by the company / government in a certain period that reflects the level of health of the company / government. Mardiasmo, (2009) explained that financial performance is an analysis conducted to see the extent to which companies / governments have implemented by using the rules of financial implementation properly and correctly.

Regional financial performance to be studied includes five indicators, namely: 1). Regional financial independence is an important prerequisite in the implementation of regional autonomy through its decentralization. A region is said to be able to carry out regional autonomy one of its characteristics lies in the financial independence of the region. In other words, autonomous regions must have the authority and ability to explore their own financial resources, manage and use their own finances adequately enough to finance the implementation of local government. 2). Regional financial effectiveness, according to Mardiasmo, (2009) suggests effectiveness is basically related to the achievement of policy objectives or targets (useful results). Effectiveness is the relationship between output and goals or objectives that must be achieved. Operational activities are said to be effective if the process of activities reaches the objectives and objectives of the end of policy (spending wisely). Effectiveness is the level of achievement of program results with a set target. Simply put effectiveness is a comparison of outcomes with outputs. Effectiveness is the relationship between output and purpose. The greater the contribution of output to the achievement of goals, the more effective the organization, program, or activity. If efficiency focuses on output and process then effectiveness focuses on outcomes. An organization, program, or activity is considered effective if the output produced can meet the expected goals or said. 3). Regional financial efficiency (REKD) describes a comparison between the amount of costs incurred to obtain income and the realization of income received. The financial performance of local government in collecting revenues is categorized as efficient if it is achieved less than 1 (one) or below 100%. The smaller the financial efficiency of the region means that the better the financial performance of the local government. Therefore, the local government needs to calculate carefully how much it costs to realize all the revenue it receives so that it can be known whether the revenue collection activities are efficient or not. 4). Revenue growth is useful to know whether the local government in the budget year or during some budget period, the budget performance experienced revenue growth or expenditure positively or negatf Mahmudi, (2007). To measure how much the ability of local governments in maintaining and improving their success has been achieved from one period to the next. With the known growth for each component of the source of income and expenditure, it can be used to evaluate which potentials need halim attention, (2009). Keserasian describes how local governments prioritize the allocation of funds on routine spending and development spending optimally. The higher the percentage of funds allocated for routine spending means that the percentage of investment expenditure (Development Expenditure) used to provide community economic facilities and infrastructure tends to be smaller Halim, (2009).

### 2. Regional Financial Management

Based on The Government of the Republic of Indonesia Regulation No. 12 of 2019 concerning regional financial management, article 1 paragraphs (1) and (2) states that regional financial management is all rights and obligations of the region in the framework of the implementation of local government that can be assessed with money and all forms of wealth that can be used as regional property in connection with the rights and obligations of the region.

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Regional financial management includes arrangements on planning and budgeting, implementation and administration, and regional financial accountability.

**3. Regional Management Information System (SIMDA)**

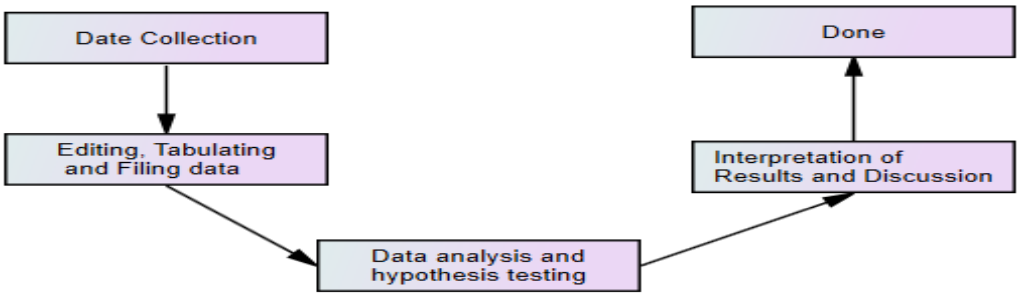
Regional management information system (SIMDA) is an information system used by local governments in Indonesia to manage financial processes in their respective regions. A. K. Dewi, (2014) elaborates that the regional management information system (SIMDA) is a regional financial management information system based on information technology that can assist local governments in producing relevant, fast, accurate, complete financial information and can be tested and aims to facilitate regional financial management in the regional device task force (SKPD).

## III. RESEARCH METHODS

This research is a verificative/quantitative research focused on the analysis of the influence of regional financial management and regional management information system (SIMDA) on the government's financial performance in regional device organizations in Gorontalo province.

Sample withdrawal in this study with purposive sampling techniques. Purposive sampling technique is a technique of determining samples with certain considerations Sugiyono, (2013). The samples in this study are state civil apparatus, consisting of regional secretaries, secretaries of agencies and agencies, Inspectorate Secretary, Auxiliary Inspectorate, Secretary of dprd, Assistant 2 Bureau Chiefs, Head of Section, Head of TU, Head of Budget Subdivision, Treasurer and other functional personnel working in the regional device organization of Gorontalo Province numbered 116 people. The process of collecting data analyzed is primary data, variables measured using the Likers scale that measures the Government's Internal Control System by agreeing or disagreeing with the questions asked with 5 points, namely 1 = Strongly Disagree (STS), 2 = Disagree (TS), 3 = Hesitation (RR), 4 = Agree (S) and 5 = Strongly Agree (SS).
Data Analysis Design

The data obtained from the results of the next study will be analyzed gradually as shown in figure 1. In analyzing the data used two types of analysis, namely (1) descriptive analysis that is mainly used in qualitative data and more emphasized to describe catalytic and research variables and (2) quantitative analysis is used to reveal the behavior of research variables that eventually end up in hypothesis testing using statistics.




Data yang diperoleh dari penelitian ini dirancang melalui *googel forms* kemudian distributed to respondents, after the data is filled by the respondent downloaded, and tabulated in the order entered in the email as the basis for retrieving the respondent's answer based on the likers scale. For analysis purposes, the following steps have been prepared:

**Analysis Tools**

In accordance with the purpose of this research is to analyze and formulate the influence of regional financial management, regional management information systems and financial performance and its role in building the word of mouth, as a tool analysis (tool analysis) in this study is structural equation modeling (SEM) method. According to Ghozali, (2016) Structural Equation modeling (SEM) is a multivariate technique that combines aspects of factor analysis and multiple regression that allow researchers to simultaneously examine a series of interrelated dependency relationships between measured variables and latent constructions as well as between

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multiple latent constructs. A group of statistical models that attempt to explain the relationship between multiple SEM variables is one part of the statistics that can explain the relationship between the variables studied.

Structural Equation Modeling (SEM), is also the most common statistical model technique, and has been widely used in behavioral science. SEM can be shown as a combination of factor analysis, regression analysis and path analysis. Path diagram or path diagram is an effective means of communication to convey concept ideas from sem model.

Test the match or Goodness of Fit (GOF) between the data and the model. This match test step is a step that contains a lot of debate and controversy. Ghozali, (2016), evaluation of GOF was conducted through several levels, namely the suitability of all models, the compatibility of measurement models, and the compatibility of structural models. The GOF size as well as the successful match acceptance rate are compiled from several authors as follows:

To determine that a model in structural equations can be declared as a good acceptable model, it is necessary to test the measurement criteria or commonly called Goodness of Fit Test can be seen in Table 1 below:

***Table 1 Goodness of Fit Test Index***

| Goodness of Fit Index | Cut off Value | Description |
|---|---|---|
| $X^2$ – *Chi Square* | Expected small value | Test whether the estimated population covariance is the same as the sample covariance (whether the model matches the data). Highly sensitive to large samples (above 2000) |
| *Significance Probability* | ≥ 0,05 | Significant test of differences in data covariance matrix and estimated covariance matrix.. |
| *RMSEA* | ≤ 0,08 | Compensates for Chi-Square's weakness in large samples (Hair, 1995). |
| *GFI* | ≥ 0,90 | Calculates the weighted proportion of variance in the sample matrix described by the estimated population covariance matrix (analogous to R2 in multiple regressions) (Bentler, 1983). |
| *AGFI* | ≥ 0,90 | GFI adapted to DF ( Harma,1996) |
| *CMIN/DF* | ≤ 2,00 | Compatibility between data and models |
| *TLI* | ≥ 0,90 | Comparison between data and models tested against baseline models (Hair, 1995, Arbuckle, 1997) |
| *CFI* | ≥ 0,90 | Feasibility test of models that are insensitive to large samples and the complexity of the model (Arbuckle, 1997). |

Source: Ghozali, (2016)

To solve the main problem at once to prove the hypothesis and know the influence between variables with the formulation of Structural Equation Modelling (SEM) is described as follows:

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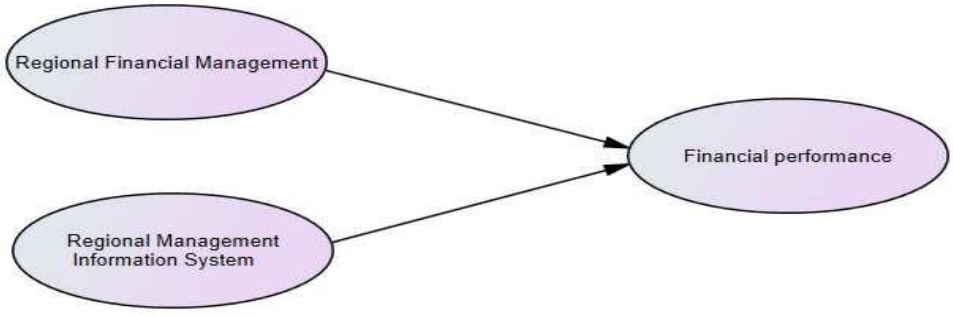


## IV. RESEARCH RESULTS

The results of research conducted in the field in a detailed analysis based on data and information in the form of; overview of gorontalo provincial government, respondent profile, testing of research instruments in the form of validity test and reliability test, classic assumption test, respondent answer description and hypothesis testing.

**Validity Test Results**

Validity test aims to test the extent to which the accuracy of the measuring device can reveal the concept of symptoms / events measured. In this study a validity test was used to measure whether or not each question item in the questionnaire was valid. The questionnaire is said to be valid or not if the questionnaire is able to reveal something to be measured. For more details on the validity test results obtained from each statement item, please refer to the following tables:

***Regional Financial Management Variable Validity Test***

The regional financial management variable research questionnaire consisted of 22 question items. The results of the correlation calculation for the score of each item of the question with the total score of regional financial management variables can be seen in the following table:

***Table 2 Results of Calculation of Variable Validity of Regional Financial Management***

| No. | Research Variables | Research Indicators | Correeted Item- Total Correlation | r-kritis | Status Item |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1 | Regional Financial Management $X_1$ | $X_{1-1}$ | 0.636 | > 0.3 | Valid |
| | | $X_{1-2}$ | 0.726 | > 0.3 | Valid |
| | | $X_{1-3}$ | 0.646 | > 0.3 | Valid |
| | | $X_{1-4}$ | 0.666 | > 0.3 | Valid |
| | | $X_{1-5}$ | 0.630 | > 0.3 | Valid |
| | | $X_{1-6}$ | 0.713 | > 0.3 | Valid |
| | | $X_{1-7}$ | 0.760 | > 0.3 | Valid |
| | | $X_{1-8}$ | 0.754 | > 0.3 | Valid |
| | | $X_{1-9}$ | 0.716 | > 0.3 | Valid |
| | | $X_{1-10}$ | 0.681 | > 0.3 | Valid |
| | | $X_{1-11}$ | 0.713 | > 0.3 | Valid |
| | | $X_{1-12}$ | 0.721 | > 0.3 | Valid |
| | | $X_{1-13}$ | 0.675 | > 0.3 | Valid |
| | | $X_{1-14}$ | 0.651 | > 0.3 | Valid |

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| No. | Research Variables | Research Indicators | Correeted Item- Total Correlation | r-kritis | Status Item |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | | $X_{1-15}$ | 0.555 | > 0.3 | Valid |
| | | $X_{1-16}$ | 0.627 | > 0.3 | Valid |
| | | $X_{1-17}$ | 0.731 | > 0.3 | Valid |
| | | $X_{1-18}$ | 0.684 | > 0.3 | Valid |
| | | $X_{1-19}$ | 0.748 | > 0.3 | Valid |
| | | $X_{1-20}$ | 0.611 | > 0.3 | Valid |
| | | $X_{1-21}$ | 0.644 | > 0.3 | Valid |
| | | $X_{1-22}$ | 0.739 | > 0.3 | Valid |

The results of the questionnaire item validity test showed that all question items in each regional financial management variable had a correlation value above 0.3 as the limit value of a research questionnaire item was said to be usable (acceptable). So it can be said that the regional financial management variable questionnaire item is valid and can be used to measure the variables studied.

***Regional Management Information System***

The regional management information system variable research questionnaire consists of 20 question items. The results of the correlation calculation for the score of each item of the question with the total score of regional management information system variables can be seen in the following table:

***Table 3 Simda Variable Validity Calculation Results***

| No. | Research Variables | Research Indicators | Correeted Item- Total Correlation | r-kritis | Status Item |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 3 | Regional Management Information System (SIMDA) $X_2$ | $X_{2.1}$ | 0. 702 | > 0.3 | Valid |
| | | $X_{2.2}$ | 0. 705 | > 0.3 | Valid |
| | | $X_{2.3}$ | 0. 678 | > 0.3 | Valid |
| | | $X_{2.4}$ | 0.738 | > 0.3 | Valid |
| | | $X_{2.5}$ | 0. 718 | > 0.3 | Valid |
| | | $X_{2.6}$ | 0. 555 | > 0.3 | Valid |
| | | $X_{2.7}$ | 0. 643 | > 0.3 | Valid |
| | | $X_{2.8}$ | 0. 658 | > 0.3 | Valid |
| | | $X_{2.9}$ | 0. 840 | > 0.3 | Valid |
| | | $X_{2.10}$ | 0. 734 | > 0.3 | Valid |
| | | $X_{2.11}$ | 0. 754 | > 0.3 | Valid |
| | | $X_{2.12}$ | 0. 743 | > 0.3 | Valid |
| | | $X_{2.13}$ | 0. 784 | > 0.3 | Valid |
| | | $X_{2.14}$ | 0. 806 | > 0.3 | Valid |
| | | $X_{2.15}$ | 0. 748 | > 0.3 | Valid |
| | | $X_{2.16}$ | 0. 846 | > 0.3 | Valid |

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| No. | Research Variables | Research Indicators | Correeted Item- Total Correlation | r-kritis | Status Item |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| | | $X_{2.17}$ | 0. 770 | > 0.3 | Valid |
| | | $X_{2.18}$ | 0. 739 | > 0.3 | Valid |
| | | $X_{2.19}$ | 0. 716 | > 0.3 | Valid |
| | | $X_{2.20}$ | 0. 510 | > 0.3 | Valid |

The test results of the validity of the questionnaire items showed that all question items in each variable of the regional management information system had correlation values above 0.3 as the limit value of a research questionnaire item was said to be usable (acceptable). So it can be said that the variable questionnaire item of the regional management information system is valid and can be used to measure the variables studied.

***Financial Performance***

The financial performance variable research questionnaire consisted of 19 question items. The results of the correlation calculation for the score of each item of the question with the total score of financial performance variables can be seen in the following 4 tables:

***Table 4, Results of Calculation of Validity of Financial Performance Variables***

| No. | Research Variables | Research Indicators | Correeted Item- Total Correlation | r-kritis | Status Item |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1 | Y Financial Performance | $Y_1$ | 0. 585 | > 0.3 | Valid |
| | | $Y_2$ | 0. 672 | > 0.3 | Valid |
| | | $Y_3$ | 0. 666 | > 0.3 | Valid |
| | | $Y_4$ | 0. 498 | > 0.3 | Valid |
| | | $Y_5$ | 0. 536 | > 0.3 | Valid |
| | | $Y_6$ | 0. 678 | > 0.3 | Valid |
| | | $Y_7$ | 0. 772 | > 0.3 | Valid |
| | | $Y_8$ | 0. 807 | > 0.3 | Valid |
| | | $Y_9$ | 0. 793 | > 0.3 | Valid |
| | | $Y_{10}$ | 0. 823 | > 0.3 | Valid |
| | | $Y_{11}$ | 0. 815 | > 0.3 | Valid |
| | | $Y_{12}$ | 0. 836 | > 0.3 | Valid |
| | | $Y_{13}$ | 0. 814 | > 0.3 | Valid |
| | | $Y_{14}$ | 0. 797 | > 0.3 | Valid |
| | | $Y_{15}$ | 0. 829 | > 0.3 | Valid |
| | | $Y_{16}$ | 0. 810 | > 0.3 | Valid |
| | | $Y_{17}$ | 0. 855 | > 0.3 | Valid |
| | | $Y_{18}$ | 0. 840 | > 0.3 | Valid |
| | | $Y_{19}$ | 0. 823 | > 0.3 | Valid |

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The results of the questionnaire item validity test showed that all question items in each financial performance variable had a correlation value above 0.3 as the limit value of a research questionnaire item was said to be usable (acceptable). So it can be said that the financial performance variable questionnaire items are valid and can be used to measure the variables studied.

**Reliability Test Results**

Reliability test is a research instrument that measures indicators of each variable. Questionnaires can be said to be reliable or reliable if a person's answer to a statement is consistent or stable over time. The reliability test in this study was to look at the value of Cronbach's Alpha. Reliability test results for each variable obtained the following data:

***Table 5 Reliability Test Results***

| No. | Research Variables | Alpha Cronbach's | Alpha Toleransi | Status Item |
|---|---|---|---|---|
| 1 | Regional Financial Management ($X_1$) | 0.945 | 0.6 | *Reliabel* |
| 2 | Regional Management Information System ($X_2$) | 0.951 | 0.6 | *Reliabel* |
| 3 | Financial Performance (Y) | 0.956 | 0.6 | *Reliabel* |

Based on Table 5 above, it can be concluded that the questionnaire used in this study has qualified reliability because it has a Value of Cronbach's Alpha above 0.6 or more ($\alpha \geq 0.6$) Sunyoto, (2009), so that it can be used to measure the variables studied, the results also show the level of consistency is above the specified conditions.

***Analisis Stuctural Equation Modelling (SEM)***

Based on the title of this study is the influence of regional financial management and internal government control system on financial performance with regional management information system as intervening variables will be analyzed using Structural Equation Modelling (SEM) analysis techniques. The stages in SEM analysis include the prerequisite test stage of SEM analysis, measurement model testing and structural model testing.

SEM Analysis Prerequisite Test

Some requirements that must be met in sem analysis include sample count requirements, normality requirements and requirements for the absence of multicolinearity in the model.

**a. Adequacy of Sample Count**

The minimum sample size for SEM analysis with Maximum Likelihood estimation method is 100 to 200 Ghozali, (2016). The number of samples used in this study was 116 samples which means the number of samples has exceeded the adequacy requirement of the number of samples in the SEM analysis..

**b. Normality Test**

The Normality Test in SEM analysis is intended to determine the normality of the distribution of each variable's research. Evaluation of normality is done using critical ration skewness value criteria, the data is said to be normal distribution if the critical ratio skewness value below the absolute price of 2.58 Ghozali, (2016), while Hariyono, (2016) multivariate c.r value below 8 is still acceptable and analysis can still be continued as long as all indicators have had a c.r kurtosis value < in vulnerable < z < 2.58. The following are the results of the data normality test of each research variable:

The results of the normality test showed that the research data of regional financial management variables has been distributed normally because the value of c.r skewness univariate all variables have been in intervals of -7,686 < z < 2.58, similarly, a multivariate c.r value of -10,597 indicates that the multivariate c.r has been within the interval of -10,597 < z < 2.58, indicating that the data to be analyzed has been normally distributed both univariately and multivariately.

Normality test results showed that the regional management information system variable research data has been distributed normally because the value of c.r skewness univariate all variables have been in intervals of 0.366 < z

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< 2.58, similarly, a multivariate c.r value of 0.801 indicates that the multivariate c.r has been within the interval of 0.801 < z < 2.58, indicating that the data to be analyzed has been normally distributed both univariate and multivariate.

Normality test results showed that the research data of financial performance variables have been distributed normally because the value of c.r skewness univariate all variables have been in intervals of 0.301 < z < 2.58, similarly, the multivariate c.r value of 0.664 indicates that the multivariate c.r has been within the interval of 0.664 < z < 2.58, this indicates that the data to be analyzed has been normally distributed both univariately and multivariately.

**c. Data Outliers**

Outlier is an observational condition of a data that has unique characteristics that look very different from other observations and appear in the form of extreme values, both for single variables and combinations Hair, et al, (1998) referred to Ghozali, (2016). Detection of multivariate outliers is done by paying attention to the value of Mahalanobis Distance. Mahalonobis Distance for each observation will show the distance of an observation data to its average value (centroid). Observation of data that is far from centroid value is considered outlier and should be removed (dropped) from the analysis. The criteria used are based on the value of Chi-squares at a degree of freedom 22 that is the number of indicators in the fit model of this study, at the level of significance $p \leq 0.001$. Mahalanobis Distance or $\chi^2$ (22; 0.001) = 48.268. This means that all observation numbers that have an Mahalanobis d-sqared value greater than 48,268 are multivariate outliers.

**d. Multicolinearity Test**

The Multicolinearity test was conducted by looking at the correlation values between exogenous variables. The model is declared free of multicolinearity if the correlation value between exogenous variables < 0.9. The results showed that the correlation coefficient between exogenous variables was 0.667 which means there was no multicolinearity in the SEM model analyzed.

**e. Overending Estimate**

In structure equation modelling analysis, all variances of the variables analyzed must be positive. The results of the structure equation modelling analysis show that the variance value of all positive variables means that all variables can be used in this analysis.

***Measurement Model Testing with SEM***

This study uses data collected from regional device organizations in Gorontalo Province. The data obtained using questionnaires. In this study, samples were taken by purposive sampling as many as 116 respondents. The number of samples has been eligible for analysis using SEM as suggested by Hariyono, (2016).

***Confirmatory Factor Analysis (CFA) Measurement Model***

*Confirmatory factor analysis* (CFA) *measurement model* directed to investigate the dimensionality unit of the indicators describing a factor or a latent variable. As with CFA, Amos testing is conducted with two kinds of tests, namely model conformity test and causal significance test through regression coefficient test.

The analysis step to test the research model is done through two stages, namely the first test the conceptual model, if the results are not satisfactory followed by the second stage by giving modification treatment to the model developed after paying attention to the index of modifications and justification of existing theories.

The validity value of the construct can be observed through the estimation coefficient (I) which in other terms is called loading factor. This coefficient is said to be valid which means that the variable observatory used can represent a specific construct while the > 0.40. Hariyono, (2016).

***CFA Test Variable Regional Financial Management***

The variable proposed as a regional financial management variable observatory contains twenty-two statement items. The overall results of the variable construct test (observatory variable) using the CFA appear in Table 6 below:

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*Table 6 Evaluation of GFI Criteria for Regional Financial Management Variables*

| Criteria | Cut-Off Value | Model Results | Model Evaluation |
|---|---|---|---|
| Chi-square | Small expected | 249,809 | Good |
| Probability | ≤ 0,05 | ≤ 0,000 | Good |
| CMIN/DF | ≤ 3,00 | 1,505 | Good |
| GFI | ≥ 0,90 | 0,852 | Marginal |
| AGFI | ≥ 0,90 | 0,904 | Good |
| TLI | ≥ 0,95 | 0,931 | Good |
| RMSEA | ≤ 0,08 | 0,066 | Good |

After testing each variable observatory, it turned out that the goodness of fit indeces criteria of the model had been qualified. This means the model will generate a ferfect fit against the data used. Thus all constructs or observatories of regional financial management variables can be included in the testing of the next overall model.

The contribution of each construct or observatory of management variables can be observed from the value of the estimation coefficient (1)) or loading factor of each indicator.

From the results of the analysis the coefficient of estimation shows that the twenty-two regional financial management variable observatories are eligible for further testing because the loading factor values (4.00) are all > 4.00, which indicates that the indicators built are significantly a dimension of regional financial management factors, so twenty-two such indicators are eligible to be included in the next overall model test.

***CFA Test Variable Regional Management Information System***

The variable is submitted as an observatory variable information management system area consisting of twenty item statements. The overall results of the variable construct test (observatory variable) using CFA are shown in Table 7. Following:

*Table 7 Evaluation of GFI Criteria for Regional Management Information System Variables*

| Criteria | Cut-Off Value | Model Results | Model Evaluation |
|---|---|---|---|
| Chi-square | Small expected | 197,741 | Good |
| Probability | ≤ 0,05 | ≤ 0,000 | Good |
| CMIN/DF | ≤ 3,00 | 1,498 | Good |
| GFI | ≥ 0,90 | 0,862 | Marginal |
| AGFI | ≥ 0,90 | 0,901 | Good |
| TLI | ≥ 0,95 | 0,943 | Good |
| RMSEA | ≤ 0,08 | 0,066 | Good |

After testing each variable observatory, it turned out that the goodness of fit indeces criteria of the model had been qualified. This means the model will generate a ferfect fit against any data used. Thus all constructs or variable observatories of regional management information systems can be included in the next overall model testing.

The contribution of each construct or observatory of the regional management information system variables can be observed from the value of the estimation coefficient (I) or loading factor of each indicator.

From the results of the analysis the coefficient of estimation shows that the twenty observatory variables of the regional management information system are eligible for further testing because the loading factor values (4.00) are all > 4.00, which indicates that the indicators built are significantly the dimensions of the regional management information system factors, so twenty of those indicators are eligible to be included in the next overall model test.

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***CFA Test Financial Performance Variables***

The variable that is submitted as an observatory of financial performance variables consists of nineteen statement items. The overall results of the variable construct test (observatory variable) using CFA are shown in Table 8:

***Table 8 Evaluation of GFI Criteria for Financial Performance Variables***

| Criteria | Cut-Off Value | Model Results | Model Evaluation |
|---|---|---|---|
| Chi-square | Small expected | 131,504 | Good |
| Probability | ≤ 0,05 | ≤ 0,007 | Good |
| CMIN/DF | ≤ 3,00 | 1,206 | Good |
| GFI | ≥ 0,90 | 0,896 | Marginal |
| AGFI | ≥ 0,90 | 0,919 | Good |
| TLI | ≥ 0,95 | 0,981 | Good |
| RMSEA | ≤ 0,08 | 0,042 | Good |

After testing each variable observatory, it turned out that the goodness of fit indeces criteria of the model had been qualified. This means the model will generate a ferfect fit against any data used. Thus all constructs or observatories of financial performance variables can be included in the testing of the next overall model.

The contribution of each construct or observatory of financial performance variables is observed from the value of the coefficient of estimation (□)or loading factor of each indicator.

From the results of the analysis the coefficient of estimation shows that the nineteen observatory variables of the regional management information system are eligible for further testing because the loading factor values (□)are all > 4.00, which indicates that the indicators built are significantly the dimensions of the regional management information system factors, so nineteen such indicators are eligible to be included in the next overall model test

***Structural Equation Modeling Test (SEM)***

Based on the way the values are determined in the model, the model test variables are grouped into exogenous variables and endogenous variables. An exogenous variable is a variable whose value is specified outside the model. An endogenous varibael is a variable whose value is determined by an equation or from a model of a formed relationship. Exogenous variables in this study were regional financial management ($X_1$), and regional management information systems ($X_2$). While the endogenous variable is financial performance (Y).

The model is said to be good when the development of hypothetical models is theoretically supported by empirical data. The results of the complete initial analysis of SEM can be seen in Table 9 below:

***Tabel 9 Evaluasi GFI Overal Model***

| Criteria | Cut-Off Value | Model Results | Model Evaluation |
|---|---|---|---|
| Chi-square | Small expected | 6992,905 | Good |
| Probability | ≥ 0,05 | ≥ 0,000 | Good |
| CMIN/DF | ≤ 3,00 | 2,228 | Good |
| GFI | ≥ 0,90 | 0,914 | Good |
| AGFI | ≥ 0,90 | 0,909 | Good |
| TLI | ≥ 0,95 | 0,966 | Good |
| RMSEA | ≤ 0,08 | 0,061 | Good |

Table 9 above shows the criteria of variables in the model showing the criteria goodnes of fit indices everything has been met. Furthermore, all criteria have been met and then will be shown the coefficient of regression and critical ratio of each variable.

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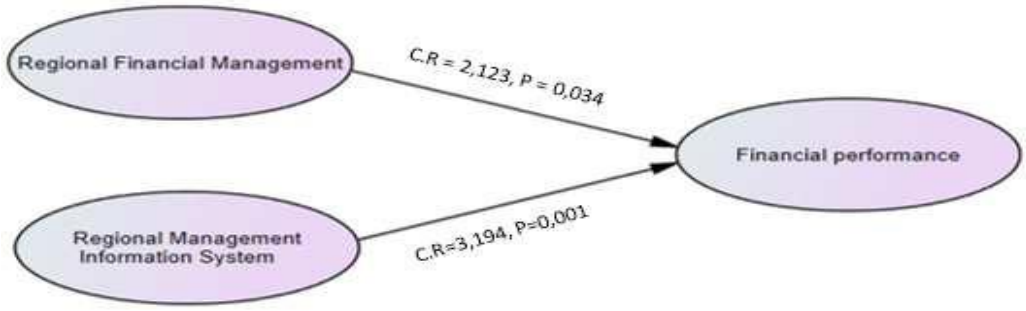
**Hypothesis Testing**

Furthermore, research hypothesis testing will be conducted. Tests were conducted on 5 proposed hypotheses. Hypothesis testing was conducted using a t-value with a significance level of 0.05. The t-value value in the AMOS 24 program is the Critical Ratio (C.R.) value of the Regression Weights: (Group number 1 – Default model) of the fit model (Full Model_2). If the Critical Ratio (C.R.) value ≥ 1,980 or the probability value (P) ≤ 0.05 then H0 is rejected (the research hypothesis is accepted). Regression Weights: (Group number 1– Default model) processing by AMOS 24 against Full Model_2 shown in table 10 below:

***Tabel 10 Regression Weights: (Group number 1 - Default model)***

| | | | Estimate | S.E. | C.R. | P | Label |
|---|---|---|---|---|---|---|---|
| KK | <--- | PKD | 0,177 | 0,083 | 2,123 | 0,034 | par_80 |
| KK | <--- | SIMDA | 0,271 | 0,085 | 3,194 | 0,001 | par_84 |

Table 10 above serves as the main reference for conducting hypothesis tests in this study. The test criteria is reject H0 if the t-value or Critical Ratio (C.R.) value ≥ 1,980 or the p value ≤ 0.05. Based on table 10 above can be made a coefficient chart thitung full analysis results model_2 as shown in the image below:




The test results of all hypotheses proposed in this study are as follows:
Hypothesis 1: Regional Financial Management has a significant impact on Performance Finance at the Regional Device Organization in Gorontalo Province.
Based on Table 10, showing that the value of t-Value or C.R. of 2,123 > 1,980 or P value of 0.034 < 0.05 then receive $H_1$, so that it can be concluded under regional financial management has a positive and significant effect on financial performance in regional device organizations (OPD) in Gorontalo Province. This shows that the better the regional financial management, the better the financial performance and vice versa. This supports hypothesis 1 in this study so that hypothesis 1 is accepted.

Hypothesis 2: Regional Management Information Systems have a significant effect on Financial Performance in Regional Device Organization in Gorontalo Province.

Based on table 11, shows that the value of t-Value or C.R. of 3,194 > 1,980 or P value of 0.001 < 0.05 then received $H_1$, so that it can be concluded under the regional management information system positively and significantly affects financial performance in regional device organizations (OPD) in Gorontalo Province. This shows that the better the regional management information system, the better the financial performance, and vice versa. This supports hypothesis 3 in this study so that hypothesis 2 is accepted.

**Discussion of Research Results**

1. Regional Financial Management has a significant impact on Financial Performance in Regional Device Organizations in Gorontalo Province.

Based on the results of this study shows that regional financial management variables have a positive and significant effect on financial performance in regional device organizations (OPD) in Gorontalo Province. This is evidenced

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by looking at the value comparison of t-value or C.R with t-list or propabilty value with alpae (α) obtained and reinforced by empirical findings from respondents' statements.

The results of this study prove that regional financial management consists of aspects; planning, budgeting, implementation, administration, reporting, accountability, and supervision of regional finance positively affects financial performance consisting of aspects; regional financial independence, regional financial effectiveness and regional financial efficiency, in line with Government Regulation of the Republic of Indonesia Number 12 of 2019 concerning Regional Financial Management, that the planning and budgeting process in local government uses a performance approach.

Based on empirical facts through the dissemination of kusioner in each regional device organization in gorontalo provincial government proves that regional financial management is reviewed from the aspect of the planning process and the implementation of local government using a performance approach in the planning and budgeting process that focuses on post shopping / expenditure to measure activities and work programs carried out in each regional device organization. To facilitate local governments in measuring performance, a benchmark is required so that the achievement of public service objectives or objectives can be carried out properly in accordance with the characteristics of the performance approach for the process of clarifying the budget based on activities in the organizational unit.

Performance indicators in the regional budget (APBD) are included in the format of the work plan and the budget needs to be supported by the draft daeran regulation (PERDA) and the draft regulation of the regional head (PERKADA) that has been prepared by the regional head and then submitted to the regional people's representative council (DPRD) to be discussed, so that a joint agreement is reached, so that the performance element in each budgeting document is expected to improve the quality of performance-based budgeting.

The process of implementing the budget is based on legislation that is prepared in order to make adjustments to the developments that occur in regional financial management. The process of implementation and administration in practice must also take into account the performance that has been set out in the regional budget (APBD) so that the implementation and administration process must be in line with the performance indicators agreed in the APBD document, after contained in the apbd document of the regional device organization leaders affirm the verification function in the operation of issuing pay warrants (SPM) so that opd leaders based on regulations can affirm the duties and authority of the treasurer as a cash holder and payman some of its functions are widely transferred to the technical management officials activities (PPTK). The separation of duties between the authorizing party, the party that keeps the money and the party that records becomes the focus of the OPD leadership for the elaboration of Government Regulations to strengthen the process of implementation and administration and improve coordination between various parties in the preparation of accrual-based financial statements. The accrual base is a new base for local government so that support and cooperation from various parties in local government is needed to create successful implementation of accrual accounting base.

The above explanation is in line with research conducted by Dewi et al., (2016) said that regional financial management has a significant impact on the financial performance of local governments. The results of this study stated that good financial management will contribute positively to the performance of local governments. Nasution, (2018) said that regional financial management had a positive impact on the government's financial performance. This indicates that if executive management of regional financial management is improved then it can boost financial performance.

However, this research is not in line with the research of Syawie et al.,( 2017) The results of the study are known that the variable understanding of regional financial management has an effect but not significantly on the financial performance of the regional device task force. This is the cause of the lack of understanding of management correctly, there are still multiple tasks carried out by the treasurer of expenditures, or to the operator of SIMDA, so that the task of a financial administration officer (PPK) to check the correctness of every financial transaction in skpd does not work as it should change so quickly on financial rules.

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2. The direct influence of regional management information system (SIMDA) positively affects the financial performance of the Regional Device Organization (OPD) in Gorontalo Province.

Based on the results of this study showed that the variables of regional management information system have a positive and significant effect on financial performance in regional device organizations (OPD) in Gorontalo Province. This is evidenced by looking at the comparative value of t-value or C.R with t-list or propabilty value with alpae (α) obtained and reinforced by empirical findings from respondents' statements consisting of aspects; system quality, information quality, the importance of the system and user satisfaction have a real effect on financial performance consisting of aspects; regional financial independence, regional financial effectiveness and regional financial efficiency.

Based on empirical facts through the dissemination of kusioner in each regional device organization in Gorontalo Province proves that the regional management information system consisting of system quality (System Quality) which is characteristic of the information attached in the combination of information systems, regional device organization leaders (OPD) are very concerned about the quality of the system means the quality of the combination of hardware and software in performing activities for user satisfaction. The use of high quality e-filling system provides satisfaction for e-filling system users in carrying out their activities related to the duties and functions as a state civil apparatus (ASN) that works in every regional device organization (OPD) to maintain the quality of the system is not a good predictor of the construction intensity of simda usage or user satisfaction. The quality of the system has a very important role, because the better the quality of the system, it will produce quality information for the needs of users.

The above research results are in line with Wagey et al., (2020) stating that the implementation of the regional financial information system has a significant impact on regional financial performance. Wang et al., (2008) The Impact of Information Technology on the Financial Performance of Third-party Logistics Firms in China. The results of this study which is the first to investigate Information technology in the industry in China provide empirical evidence and a better description of the relationship between information technology and financial performance.

However, this study is not in line with the results of research conducted by Manaroinsong, (2014) stated that the influence of the regional financial information system on regional financial performance, shows an influence in a positive but insignificant direction directly. The results of this study show that the regional financial information system is not strong to give a direct role to the financial performance of the region.

## V. CONCLUSION

Based on the results of research and discussion presented in the previous chapter, the following conclusions can be drawn:

1. Regional financial management positively affects financial performance in regional device organizations (OPD) in Gorontalo Province. This can be interpreted that regional financial management consists of aspects of planning, budgeting, implementation and administration as well as regional financial accountability based on the juknis and flow of rules that have been established based on government regulations.
2. Regional management information system has a direct and significant effect on financial performance in regional device organizations (OPD) in Gorontalo Province. With the regional management information system that has the following stages: system quality, information quality, the importance of the system and user satisfaction (satisfaction use) will have a real impact on the financial performance of the local government.

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