

**ANALYSIS THE INFLUENCE OF REGIONAL FINANCIAL MANAGEMENT
ELEMENTS ON PERFORMANCE OF DISTRICT / CITY SKPD AND ITS
IMPLICATIONS ON PUBLIC SERVICES
IN PROVINCE OF NORTH MALUKU**

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ABSTRACT

This study aims to describe the elements of the local financial management that include: the effectiveness of financial planning, the effectiveness of budget execution, control, transparency and accountability of financial reporting, the effectiveness of internal and external party supervision, and the performance of the Regional Device Work Unit, as well as the public service; analyze the influence of effectiveness of financial planning, effectiveness of budget execution, control, transparency and accountability of financial reporting, and internal and external effectiveness of party supervision on the performance of Local Government Work Unit; analyze the influence of effectiveness of financial planning, effectiveness of budget execution, control, transparency and accountability of financial reporting, and effectiveness of internal and external party supervision on public services; analyze the effect of the performance of the Local Government Work Unit on public services; and analyze the influence of effectiveness of financial planning, effectiveness of budget execution, control, transparency and accountability of financial reporting, and the effectiveness of internal and external party supervision on public service through the performance of Local Government Work Unit. The analysis technique used is descriptive analysis and structural equation modeling analysis. The effectiveness of financial planning, the effectiveness of budget execution, control, transparency and accountability of financial reporting, and the effectiveness of internal and external supervision of party have an effect on the performance of Local Government Work Unit. The effectiveness of financial planning, the effectiveness of budget execution, control, transparency and accountability of financial reporting, and the effectiveness of internal and external oversight of supervisors on public services. The performance of the Local Government Work Unit influences public services. The effectiveness of financial planning, the effectiveness of budget execution, control, transparency and accountability of financial reporting, and the effectiveness of internal and external party supervision of public services through the performance of Local Government Work Units. The performance of the Local Government Work Unit influences public services. The effectiveness of financial planning, the effectiveness of budget execution, control, transparency and accountability of financial reporting, and the effectiveness of internal and external party supervision of public services through the performance of Local Government Work Units. The performance of the Local Government Work Unit influences public services. The effectiveness of financial planning, the effectiveness of budget execution, control, transparency and accountability of financial reporting, and the effectiveness of internal and external party supervision of public services through the performance of Local Government Work Units.

Keywords: financial planning, budget execution, control, transparency and accountability internal and external party supervision, Local Government performance, public service

1. INTRODUCTION

Good public services and the quality is at the same time the rights of citizens state's constitutional obligation. Therefore, the government is obliged to keep public services as well as possible to the public. Most people often have good public services waiver of public service providers. Even the tendency of public service providers carry out public services sober, public services are considered simply about obligations and part of a routine task alone. In a legal relationship, community and public service providers do not have a position that is balanced and does not gain access to information of public good services.

System management regional financial transparency and accountability has become imperative in order to create good governance and clean. Financial management often face problems when planning and budgeting is not done and went well indeed fail to plan a failure. (Nur, 2015). Public finance management system / area is still searching for a model that is still raw and terms with the problems (Marbyanto, 2015), suggests there are at least thirteen issues related to financial management:

- a. Intervening rights of Parliament too strong budget where legislators are often proposing activities that deviate far from the proposed community planning forums. This legislative intervention based on the possibility of a political motive for seeking the interests of constituent support so that legislators act like Santa Claus which divide the project. In addition there is the possibility of also based on economic motives that make the project to obtain additional income for the individual or group to expect to intervene in aspects of procurement (procurement) or implementation of activities. This budget right intervention also often resulted in lengthy discussion of proposed budget for negotiation between the executive and the legislature.
- b. The participatory approach in the planning through the mechanism remains rhetoric musrenbang, Development planning is still dominated by the Policy head of the region, the results of the recess of Parliament and Program of SKPD. These conditions result in the emergence of accumulated disappointment at the village and district level who meet the obligation to make a plan but the realization is very minimal.
- c. The planning process that is separate from budgeting activities, Because of lack of information amounts of budget, planning meetings and mostly still compile a shopping list (shopping list) activity. Many people often make the proposal as much as possible so that the probability of an approved proposal is also growing. Like put a lot of traps, so that many of the targets are entangled.
- d. Availability of funds is not timely, Separation of planning and budgeting process is also continued in the current budget provision. Budget passed in December of the previous year, but the funds available are often slow.

- e. *breakdown* RPJPD to RPJMD and RPJMD to RKPD often incoherent (match). There is a tendency RPJP document or RPJM / sector plans are often not taken seriously as a reference in formulating RKPD / Renja SKPD. This condition appears one caused by power quality planner at SKPD limited.
- f. RPJPD quality, the Regional Development Plan and sector plans are often not optimal, Some disadvantages often encountered in the preparation of the plan is; of indicators that are often vague and not measurable, baseline data and assumptions that are often less valid, as well as less profound analysis which is rare in-depth analysis that led to the "how to Achieve" target.
- g. Too much "order" in the planning process and each wants to become a mainstream example of gender mainstreaming, poverty mainstreaming, mainstreaming disaster and others. Planners in the area are often difficult to interpret these issues.
- h. Coordination between SKPD to process planning is still weak so that activities are built synergistic rarely appear even less so egosektoral. There is a case where in an area of the Forest Service encourages reforestation program but on the other hand the Department of Mines programmed exploitation of coal at that location.
- i. SKPD which has a large budget allocation e.g. Department of Education and Department of Public Works personnel often do not have adequate planner, As a result, the planning process is often not timely. This is often compounded by the lack of power BAPPEDA capable of providing assistance to SKPD in the preparation of the plan.
- j. Budgets district / city needs evaluation by Pemprop, on the other hand Pemprop have limited power to conduct the evaluation. In addition there has been no practical instrument that could be used for the evaluation of the budget.
- k. Musrenbang quality of village / district is often low because of the lack of qualified facilitators musrenbang, Facilitation of the village planning process which, according to Regulation 72 of 2005 mandated for implementation by local government (can be via the District Government) often do not work. The facilitation process is only given in a circular shape so that villagers do Musrenbang, and rarely in the form of guidance in the field of facilitation.
- l. PGuidelines for Musrenbang or planning (e.g. Regulation 66 of 2007) is quite complicated (complicated) and rather difficult to apply categorically in remote rural areas are mostly village and its people have a lot of limitations in terms of knowledge, technology and others.
- m. In practice the application of P3MD, problem-solving approach that only look to the root of the problem alone can potentially biased and overs implication to a problem,

Other problems arise from a lack of effective planning aspect is the performance appraisal policy, planning and implementation of activities itself in a comprehensive and sustained, low levels of transparency and accountability in the utilization of public financial resources. Expectations of the people is the fulfillment of services needed by the unit's performance government

organizations. To achieve high performance need to be designed performance management. From the financial aspect of the need for applying the elements of an effective financial governance so that the sources of revenue can be allocated for public services.

Aim This study was to describe the elements of financial management that include: financial planning, budget execution control, transparency and accountability of financial reporting, internal control and external parties, and performance of SKPD, as well as public services; analyze the effect of the elements of financial management areas that include: financial planning, budget execution control, transparency and accountability of financial reporting, and monitoring internal and external parties on the performance of the Local Government Unit; analyze the effect of the elements of financial management areas that include: financial planning, budget execution control, transparency and accountability of financial reporting, and control internal and external parties to public services; analyze the effect of the performance of the Local Government Unit to public services; and analyze the influence of the elements of financial management areas that include: financial planning, budget execution control, transparency and accountability of financial reporting, and monitoring internal and external parties to public services through the performance of the Local Government Unit.

2. LITERATURE REVIEW

2.1. Government Agencies Organizational Performance

Russel (1993) mengemukakan that the performance is a record of the outcome or end result of an activity within a certain time unit. The work is a comparison between the normative targets organizations with the realization achieved. While the work processes associated with a range of activities within the organization. Performance includes three important components of the work, work processes and work time unit (Wan, 2006). The work is a comparison between the normative targets organizations with the realization achieved. While the work process related to a series of activities in the organization, unit labor time associated with when to do performance measurement.

Performance information shows how well an institution achieving the goals and objectives, and how well the organization's policy and the process are going well. Utilizing the data and analysis capabilities available data is crucial to improve the programs and activities mandated government agencies, as well as assess how well the performance to be achieved each government agency (Curristine, 2005; Lindblad, 2006).

2.2. Public service

Public service is very strategic as the entry point for achieving good governance. Repair and improvement of public services considered to have a broad impact and influence on each other; improvement of performance management, mental attitude, behavior, and foster awareness and commitment of local authorities to improve the quality of public services, which in turn foster

public confidence. It has been explained earlier that there may be differences between the company's organizations with public sector organizations. The main purpose of public sector organizations are providing services to the public. Providing service performed by many actors are integrated and intertwined with each other. Public services are not performed by an individual or group of people, but multi-dimensional carried out by many actors are integrated, and each has a dependency, as well as the contribution of the various parties in formulating policies in the framework of the provision of services to the community (Bourgon, 2011). Similar disclosed by Osborne (2006), which states; "New public service consists of many diverse elements and many different scholar and practioners have Contributed Often in disagreement with one another".

2.3. Theory Framework of Financial Management

One important aspect to realize the government's role more effective and efficient is the instrument of government financial management / area that is sisklus application management functions related to public finances, including the sources of income, and allocate the revenue sources are economically, effective and efficient.

1) Budgetary

Budgeting is part of the achievement of the vision and mission. Budget is drawn up for each annual period on a priority basis and tailored to the phasing of development that has been formulated in both long-term development plans, medium term and annual work plans. In principle, the budget is the allocation of financial resources to fund programs and activities according to priority and studies on effective ways to achieve the expected results (NPMAC, 2010). Budget is based on the strategic plan and operational plan as a basis for the development of income sources for the development of a country / region. Budgets can be broadly defined as information that describes the efforts of allocating resources (income) on programs and activities within a certain period, also describe what should or will be undertaken by the government are measured in monetary units. The main objective performance-based budgeting is to allocate a source of income to activities, programs and services in a certain way with the hope of reaching the destination as expected. Budgeting with performance-based approach to accountability that is exactly what is expected or required of citizens from government (Probt, 2009).

2) Control of Budget Implementation

Implementation of the budget is one element of public financial management, and elements of the integrated public finance intertwined with each other. Control of the budget implementation is included in the concept of internal control. Both business organizations and public organizations, attention to internal control has increased significantly due to a regulatory mandate, and increased competition since the 1990s (Changchit, et al, 2001). The elements of internal control which includes: (a) an organizational structure that separates the right functional responsibility, (b) a system of authority and a

good bookkeeping procedures useful for performing accounting controls sufficient to property, debts,

3) Financial Reporting Transparency and Accountability

Transparency implies that the annual report is not only made but also open and accessible to the public, because the activity of the government is in order to carry out the people's mandate. This means that the financial information provided to the public must be open and honest based on the consideration that the public has a right to find out openly and comprehensively on government accountability in the management of the resources entrusted to him and his obedience to the laws and regulations (Public Accounting Sandar, 2005).

There are at least four principles of transparency raised by Krina (2003) are as follows: (1) Provision of clear information on responsibilities; (2) Establish a complaints mechanism if there is a rule that is violated or a request to pay a bribe; (3) Ease of access to information; (4) Improving the flow of information through cooperation with mass media and non-governmental organizations. The transparency principle conceptually are indicators measuring transparency namely: the information is easily understandable and accessible, their publications and the media on the activities and financial details, their periodic reports on the utilization of resources in the development of projects that can be accessed by the public, annual reports, websites or publications of the organization, the guidelines in the dissemination of information

4) Audit

Audit function is a management function that cannot be separated from the area of financial management. In connection with the examination has been issued Law No. 15 of 2004 on the Management and Financial Responsibility State. Two types of tests were carried out on the management of state finances, the internal audit and external examination. Examination of financial management implemented in line with the fourth amendment of the 1945 Constitution Under the 1945 Constitution, the examination of financial statements conducted by the Audit Board of the Republic of Indonesia (BPK). Thus the BPK will carry out checks on the financial statements of local government. In the framework of this audit,

In relation with agency theory developed by Jensen and Meckling (1976) that the agency relationship between one and a group of people as a principal with others as agents who conduct activities through the provision of services represents the principal decision-making authority to the agent. Agency theory is based on a contract between principal and agent. In public organizations agent relationship in which the principal gives credence to the agent to perform the activity in order to meet the needs of the public service. Agents filed a labor contract to the principal about the type and quality of services to be provided. The number and the type and quality of services to be provided to the public are a derivative policy that have been formulated together. In order to improve

efficiency in service delivery, should monitor the use of the principal sources of revenue so that the designation only to meet the needs of service (Kivisto, 2007).

2.4. Hypothesis

- H₁ : Elements of financial management that include: financial planning, budget execution control, transparency and accountability of financial reporting, and monitoring on the performance of the SKPD.
- H₂ : Elements of financial management that include: financial planning, financial implementation control, transparency and accountability of financial reporting, and monitoring an effect on public services.
- H₃ : performance Regional Work Units
effect on public services.
- H₄ : Elements of financial management that include: financial planning, financial implementation control, transparency and accountability of financial reporting, and monitoring an effect on the performance of public services through the regional work units.

3. RESEARCH METHODS

3.1. Operational Definition of Variables

1) Regional Work Units Performance

SKPD performance is the result of the implementation of the work plan and budget of the local work unit during a specific time period. The performance assessment of the local work force is measured by financial indicators, with a value for money approach that includes economic aspects, effectiveness and efficiency.

2) Public service

Public service is a series of activities carried out government agencies to meet the needs of community service. This variable was measured by an indicator of the optimization of service delivery to the community which consists of; fourteen grains of public service refers to Kep./25/M.PAN.2/2004, fourteen relevant elements that must be present as the basis of people's satisfaction index measurement of public services. Fourteen of these items are then grouped into four dimensions, namely measurement; (1) procedures, (2) quality of service, (3) the cost of services, and (4) supporting services (Kep./25/M.PAN.2/2009).

3) Financial planning

Financial planning is the effectiveness of the allocation of sources of revenue into programs and activities in order to achieve the purpose of SKPD. Financial planning effectiveness variables measured by indicators of measurement;

- a) Level development planning documents as a base that includes financial planning; Strategic five-year plan period, the Regional Government Work Plan for the period of one year, the formulation of the vision, mission and

objectives, and budget general policy documents as well as the provisional budget ceiling priority documents.

- b) The budgeting process; top-down approach (top down) which is set based on the preliminary draft planning document, then the public aspirations net (net of romance), through a participatory approach and through coordination between levels of government officials level.
 - c) Characteristics budget goal clarity. (1) Work Plan and Budget (RKA) which arranged refers to the vision, mission each SKPD, (2) RKA programs are prioritized according to the needs of public services, (3) and RKA compiled based approach to performance.
- 4) Control of budget execution

Control of budget execution is a control system that is built in the framework of implementation of the budget to secure the assets of the organization, and compliance with the rules set. This variable is measured based on indicators of measurement;

- a) Available documents both revenue and expenditure control,
 - b) The separation of the function of the parties associated with the receipt and expenditure in education office,
 - c) The existence of the Standard Operating Procedures (SOPs) in the administration and the level of adherence to SOPs.
- 5) Transparency and Accountability

Transparency and accountability is the presentation of financial statements openly, honestly and completely as a form of government accountable to the people and to the higher authorities. This variable is measured by indicators;

- a) The effectiveness of the presentation of the report include; ability to prepare financial statements, the level of ability to complete the financial statements in a timely manner, and the preparation of financial statements in accordance with accounting standards applicable public.
 - b) Accessibility financial statements include; the publication of the financial statements openly, the ease in obtaining financial statements, the financial statements of the public can access via the internet.
 - c) Accountability; an honest presentation of financial statements, financial statements are accounted for on a higher authority, and accountability in the public financial statements.
- 6) Supervision

Supervision is the optimization of supervision performed by internal and external parties. This variable is measured based on indicators of the effectiveness of supervision by the inspectorate, inspections by the auditor (CPC), and the effectiveness of the supervision of Parliament.

3.2. Population Sample, Sample Magnitude

The population in this study are all working units (SKPD) in the province of North Maluku, excluding the village because of the scope of the duties and functions of the village as SKPD not too wide so it is not included as the

population in this study. There are 10 (ten) districts / cities in North Maluku province, each having a number of local work unit varies. The number of regional work units consisting of departments, agencies, districts, on each - each district / city in North Maluku province is as shown in Table 1 below. From Table 1 it can be seen that the number of SKPD in North Maluku province as much as 393 SKPD.

Table 1
The number of sectors in the City District and North Maluku Province

No.	Name of district / city	Total SKPD	Information
1	West Halmahera	35	8 districts 28 SKPD not include the Village
2	East Halmahera	39	10 Districts, 29 SKPD not including Village
3	Central Halmahera	34	8 Districts, 26 SKPD not including Village
4	North Halmahera	45	9 districts and 38 SKPD not included Village
5	South Halmahera District	47	30 Districts, 27 SKPD not including Village
6	Morotai Island District	37	5 districts and 29 SKPD
7	Sula Islands	45	19 Districts, 26 SKPD not including Village
8	Island District Talibu	31	5 Districts, 26 SKPD not including Village
9	Kota Ternate	35	6 districts, 29 SKPD not including Village
10	Tidore Islands	45	8 Districts, 27 SKPD not including Village
Total SKPD		393	SKPD excluding villages.

Source: Website Profile of North Maluku province.

The sampling technique was conducted by purposive sampling method with the purpose to obtain a representative sample in accordance with the criteria specified. The defined criteria for selecting is; of 10 local government district / city in North Maluku province, selected three districts with the dimension of time the establishment or expansion of different regions namely North Halmahera district, 45 SKPD SKPD West Halmahera District 35, and District 37 SKPD Morotai Island. Thus the targeted sample size in this study is, all SKPD in the third district in the amount of 117 SKPD. Other criteria considered the number of SKPD been centered on three counties, is because in each district / city, each work unit provides different services based on the duties and functions of each. The sample size was focussed on three districts, all kinds of services to the community has been represented, because each SKPD provide services.

In connection with the use SEM with a Maximum Likelihood estimation method suggested that the sample size is needed as much as 100-200 samples (Ghozali, 2004: 17). Thus the size of the sample of 117 respondents, where respondents in this study is the Financial Administration Officer in each SKPD.

3.3. Data analysis technique

The analysis uses: a descriptive analysis to determine how the distribution of respondents' answers to a questionnaire covering the variables along with each of the indicators that are preferred by respondents with average and analysis of SEM (Structural Equation Modeling) to test the hypothesis. Reasons for using SEM in this study is due to the concept or construct that is used is the unobserved or latent (Jareskog and Sorbon, 1996). In addition, a causal relationship between exogenous and endogenous variables can be defined more fully. Not only causality contained in the

observed variables or constructs can be detected, but the components that contribute to the formation of the construct itself can be determined magnitude (Sanusi 2011).

4. RESULTS AND DISCUSSION

4.1. Structural Equation Model Test Results

The test results prove SEM assuming normal distribution of data, there are no outliers and multicollinearity problem. Observation data already qualified to be tested in the model equations researchers structures built with the help of 18 AMOS program (Analysis Moment of Structure). The test results of modeling overall appears in Figure 1.

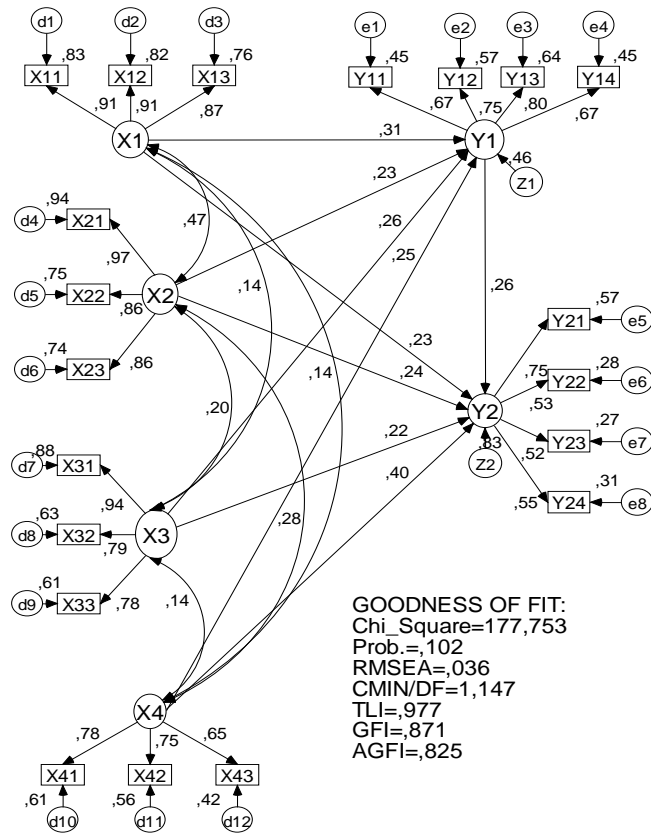


Figure 1
Structural Equation Modeling Research
Sources: Primary data are processed, 2017.

Rejection or acceptance of Structural Equation Model as an analytical tool appears on the value of goodness of fit reindexs produced. The acceptance criteria of structural equation model will be compared with the cut-off suggested. Evaluation of Goodness of fit reindexs values are presented in Table 2.

Table 2
Evaluation of Goodness of Fit Structural Equation Model

Goodness of fit indices	Cut-off value	result	Information
Chi-square (df = 155)	185.05	177.753	Good
Chi-Square Probability	≥ 0.05	0.102	Good
CMIN / DF	□2.00	1,147	Good

RMSEA	□0.08	0,036	Good
GFI	□0.90	.871	marginal
AGFI	□0.90	0.825	marginal
TLI	□0.95	0.977	Good

Sources: Primary data is processed, 2017.

Based on the evaluation criteria of goodness of fit in Table 2, showed that the evaluation of chi-square, chi-square probability, CMIN / DF, RMSEA and TLI has met suggested, dThus ith structural equation model was built to become a model of analysis to prove the hypothesis and research findings.

Table 3
The influence of the Elements of Financial Management Performance Against SKPD

exogenous	intervening	endogenous	Standardized Regression Weight	CR	P value	indirect Effects	total Effects	Result
Financial planning	performanc_e		0.31 *	2,896	0,004	-	-	tested
Control of execution	budgetperformanc_e		0.23 *	2,044	0,041	-	-	tested
Transparency and accountability of financial reporting	and of performanc_e		0.26 *	2.727	0,006	-	-	tested
Supervision	performanc_e		0.25 *	2,361	0,018	-	-	tested
Financial planning	-	Public service	0.23 *	2,284	0,022	-	-	tested
Control of execution	budget_	Public service	0.24 *	2.44	0,015	-	-	tested
Transparency and accountability of financial reporting	and of-	Public service	0.22 *	2.428	0,015	-	-	tested
Supervision	-	Public service	0.40 **	3.61	0,000	-	-	tested
SKPD performance	-	Public service	0.26 *	2,004	0.045	-	-	tested
Financial planning	SKPD performanc_e	Public service	0.23	-	-	0.08	0.31	tested
Control of execution	SKPD budget performanc_e	Public service	0.24	-	-	0.06	0.30	tested
Transparency and accountability of financial reporting	SKPD and of performanc_e	Public service	0.22	-	-	0.07	0.29	tested
Supervision	SKPD performanc_e	Public service	0.40	-	-	0.07	0.47	tested

Note: *) Significant p <0.05

**) Significant p <0.01

5. DISCUSSION

5.1. Description Elements of Financial Management that Includes: plan Finance, Budget Implementation Control, Transparency and Accountability

Financial Reporting, Monitoring Internal and External Parties, and Performance of SKPD, as well as Public Services

Financial planning is reflected by the three indicators of the level of completeness of the planning documents, the budget process and the characteristics of budget goal clarity, got respondents with a tendency to strongly agree that the system of financial planning of each SKPD District / City in North Maluku province has been carried out effectively within the meaning of has provided development planning documents both the long-term development plans, medium-term development plan and annual work plans. The process of phasing the construction has been arranged so that in a certain period of time what you want to achieve has formulated a comprehensive manner, including strategies to achieve the vision and mission. As the results Propts (2009), that financial planning or budgeting in this study refers to the concept of fusion between the program's budget and performance-based budgeting; program budget is the allocation of funds in the field of the main program or activity include both income and expenditure on the main activities of an organization, while the performance-based budget allocation of funds to the program based on the method of performance measurement. In the process of preparing a program of activities and budget, not only based on a development plan has been formulated and appropriate vision and mission but also to accommodate suggestions from the community through development planning meeting (Musrenbang) for the community, because the community more aware of the needs that are considered urgent. program budget is the allocation of funds in the field of the main program or activity include both income and expenditure on the main activities of an organization, while the performance-based budget allocation of funds to the program based on the method of performance measurement. In the process of preparing a program of activities and budget, not only based on a development plan has been formulated and appropriate vision and mission but also to accommodate suggestions from the community through development planning meeting (Musrenbang) for the community, because the community more aware of the needs that are considered urgent. while the performance-based budget allocation of funds to the program based on the method of performance measurement. In the process of preparing a program of activities and budget, not only based on a development plan has been formulated and appropriate vision and mission but also to accommodate suggestions from the community through development planning meeting

(Musrenbang) for the community, because the community more aware of the needs that are considered urgent. while the performance-based budget allocation of funds to the program based on the method of performance measurement. In the process of preparing a program of activities and budget, not only based on a development plan has been formulated and appropriate vision and mission but also to accommodate suggestions from the community through development planning meeting (Musrenbang) for the community, because the community more aware of the needs that are considered urgent.

Implementation of the budget as one of the elements of financial management as measured by three indicators, namely: documents relating to the control of income and expenditure, the compliance to the rules, and the separation of functions as part of the element of internal control within the framework of the financial administration, received responses from respondents with tendency to strongly agree that the implementation of internal control systems in the context of budget execution has been carried out effectively. This is indicated by the charging document implementation of the budget, which is complementary forms of revenue and expenditure control, as well as the separation of functions between the functions of cash management, accounting functions and authorization functions, it can be concluded that the internal control system in the process of budget implementation, especially controlling income and expenditure has been done effectively. As the view Mulyadi (2010: 156), that the implementation of the budget is the process of realization of the program of activities and budget. Control of budget execution is proxied by the concept of internal control or administration of the implementation of the budget revenues, expenditures and financing. Thus the implementation of the budget control is the internal control that includes organizational structure, methods and measures are coordinated to secure the wealth of the organization, check the accuracy and reliability of accounting data, promote the efficiency and encourage compliance with the management's discretion. that the implementation of the budget is the process of realization of the program of activities and budget. Control of budget execution is proxied by the concept of internal control or administration of the implementation of the budget revenues, expenditures and financing. Thus the implementation of the budget control is the internal control that includes organizational structure, methods and measures are coordinated to secure the wealth of the organization, check the accuracy and reliability of accounting data, promote the efficiency and encourage compliance with the management's discretion. that the implementation of the budget is the process of realization of the program of activities and budget. Control of budget execution is proxied by the concept of internal control or administration of the implementation of the budget revenues, expenditures and financing. Thus the implementation of the budget control is the internal control that includes organizational structure, methods and measures are coordinated to secure the wealth of the organization, check the accuracy and reliability of accounting data, promote the efficiency and encourage compliance with the management's discretion.

Descriptive analysis of variable transparency and accountability reporting indicates that the SKPD at Regency / City in North Maluku province according to respondents showed that respondents tend to agree that the application of accountability and transparency has done fairly well. The implications of these respondents indicated that respons bookkeeping process starts from recording transactions and financing income and expenditure to the financial statements has been carried out effectively. Where the financial statements have been presented in full and on time, and prepared based on the accounting standards applicable rule.

Aspects of accessibility as a form of application of the principle of transparency, showing that not all elements of the financial management of publicly disclosed through the website or bulletin board to facilitate all parties, especially the people as stakeholders to access financial reports as well as the elements of financial management conducted by each SKPD. Although SKPD provide convenience to the parties concerned to access financial reports.

Increased and adherence to regulations in the process of preparing the financial statements as a manifestation of the application of the principle of accountability that reflect accountability financial integrity, based on the responses of respondents tend to agree that the financial statements have been accountable to a higher authority, and can be accessed by parties with an interest in the financial statements , for which financial statements prepared as one of the media can express with honest accountability of financial transactions that should have been presented and can be compared with a predetermined performance indicators as well as to assess the achievement of the performance. This is consistent with the concept Baldrige (2003) which states that accountability is the accountability for performance by the government to the public through performance reports, internal accountability is the performance report as the accountability of each department on programs, operations, policies, processes and compliance with laws and regulations -invitation.

Supervision as one element of local government financial management, based on descriptive analysis shows that the function of the internal and external oversight as well as Parliament has done its function well. Internal party oversight more preventive and coaching, while the CPC do supervision is to ensure that the financial statements prepared in accordance with accounting standards as well as the public opinion. Meanwhile Parliament supervision in order to perform a supervisory function through the assessment of accountability reports to ensure that the program and budget has been approved together has been achieved as expected.

Regional Work Units performance on district / city in North Maluku province has been achieved as expected. Level of achievement seen from the economical aspects indicate that the allocation of income sources for the purchase of goods and services with a certain level of quality at a price best (spending less) and intimated that the cost allocation conducted honestly. On the other hand, the allocation of resources is done with the best ratio between output and input (spending well) in the sense that any expenditure to fund the work program and

budget is proportional to the output produced. This is in accordance with (Probs, 2009: 6; Elroi, 2003) that itself includes a performance measurement data collection, analysis and reporting of data regularly and systematically to explore the use of financial resources,

Public service performed by the regional work units at district / city in North Maluku province have been carried out as expected, from the aspects of administrative services, quality of care in fulfilling the needs of public infrastructure services, public services, has gradually been fulfilled. This indicates that the provision of services by each SKPD based on the duties and functions of each has been realized by either including supporting services have been provided to the public. This is in accordance with Bourgon (2011) that public services not performed by an individual or group of individuals, but a multi-dimensional carried out by many actors are integrated, and each has a dependency, as well as the contribution of the various parties in formulating policies in the framework of the provision of services to the community ,

5.2. Influence Elements of Financial Management on Performance

Perceptions of respondents on the implementation of elements of the governance of public finances indicates that, regional work units (SKPD) in the district / city government has been applying the principles of financial management in their respective agencies well enough. The main purpose of public organizations is to provide public services or meet the needs of people who are considered urgent. The fulfillment of service requirements can not be met at once given the limited fiscal capacity while the types of services so widespread

5.3. Financial Planning Influence on the Performance of SKPD.

Working units District / City in the province of North Maluku has compiled. Good planning medium-term development plan of 5 years, in which has been clearly formulated vision and mission. In addition SKPD has also devised an operational plan as a basis for their programs, activities and budget of the current year. Medium-term development plans and annual development plan embodies the fulfillment of public service gradually and continuously adapted to the ability of local revenue sources each period of the fiscal year.

SKPD in the budgeting process based on the budget performance begins with the preparation of the preliminary draft by the respective SKPD based on the development of planning documents, then capture the aspirations of the community to provide input on programs, activities and budget according to the needs that are considered urgent. This indicates that all the needs of both service proposed by stakeholders and the public as defined by the work unit, based on the policies and priorities of the general budget while the budget platforms, as well as the vision and mission alignment SKPD objectives have been met.

Financial planning is reflected in the work plan and budget, serves as a standard of performance of each SKPD. One indicator of performance measurement is the absorption rate of the budget where the budget realization

reports, there is a comparison between the budget and actual. The results are consistent with the opinion Probits (2009) which states that hope to achieve a high performance organization with government initiated development plans of both long term medium term, the annual plan for the planning is the basis for policy development program of its services will be provided to the public. In line with research conducted by Hilmi (2005) that the budget goal clarity positive and significant impact on performance accountability of government agencies.

5.4. Effect of Budget Execution Performance against SKPD

The test results showed that the implementation of the budget have a significant effect on the performance of SKPD. Budgetary implementation is the process of realization of the budget that has been set; the implementation needs to be controls to ensure that resources are allocated revenue for their designated purpose. Control of budget execution is the implementation of the internal control system to ensure that the sources of local revenue has been allocated in an effective, efficient, and solely in the public interest.

Implementation of the system of internal control implications of all budget items before being implemented has been stated in the document, budget execution and verified to ensure that the budget items set forth in the document on budget implementation in accordance with the budget. The elements of the internal control system set out in the implementation of the budget covers, the availability of standard operating procedures of financial management, the separation of functions between the reception treasurer, treasurer, business Panata officials, and officials of the technical implementation. The documents evidence of transaction receipts and expenditures have been prepared including documents for expenditure budget submission the implementation of programs and activities. Furthermore, observance of the rules of which are standard operating procedures for financial governance have been adhered to consistently.

Thereby controlling the budget to encourage the achievement of performance SKPD, because with control of the sources of income that effective expenditure, ensure all sources of income has been spent effectively, efficiently (spending less) and economic (spending well). The findings of this study support Muraleetharan (2011) that controls the budget execution proxy with the internal control effect on the financial performance both in public organizations as well as government organizations.

5.5. Effect of Transparency and Accountability Reporting Performance Against SKPD.

Transparency and accountability based on test results have a significant effect on the performance of SKPD. Transparency is the freedom to access the required information relating to the public interest that directly can be obtained by the parties have an interest. While accountability is the obligation of a person or organization to carry out its responsibilities. Transparency and accountability is

two terms are interrelated because the implementation of the accountability requires transparency. The preparation of financial statements in a timely manner, complete and are guided by a public accounting standards is one manifestation of accountability. In addition, the accountability including honesty transaction presents financial information that should be presented, and can be compared with performance indicators and can be used for corrective actions. The application of the principles of transparency include the ease of access to financial information required by the community, and the report can be understood. Ease of access to information, if published openly manifested through the mass media or websites.

Local government liabilities including SKPD is implementing financial responsibilities to the parties concerned in an honest and understandable. This accountability should be open in the sense that if at any time be required by the parties *bekepentingan* will be easily accessible. Thus transparency and accountability affect the achievement of the performance of SKPD, means that the implementation of the responsibilities of local governments through SKPD respectively, have been preparing the financial statements are disclosed in an honest and open allowing all parties concerned, especially the people can determine simultaneously assess the development of the allocation of resources local revenue by each SKPD. Interested parties can participate in monitoring the use of financial resources so that the transparency and accountability of financial reporting can encourage the achievement of the performance of SKPD prime. This is in line with the theory put forward the concept of Krina (2003) which states that transparency accountability apparatus on the exercise of powers or the performance scope of responsibilities honestly and openly so that the public can obtain information that is easily understandable and accessible resource utilization. The public can monitor the use of sources of income, so solely used for their designated purpose. This could encourage government officials to show the best performance. This is in line with the theory put forward the concept of Krina (2003) which states that transparency accountability apparatus on the exercise of powers or the performance scope of responsibilities honestly and openly so that the public can obtain information that is easily understandable and accessible resource utilization. The public can monitor the use of sources of income, so solely used for their designated purpose. This could encourage government officials to show the best performance. This is in line with the theory put forward the concept of Krina (2003) which states that transparency accountability apparatus on the exercise of powers or the performance scope of responsibilities honestly and openly so that the public can obtain information that is easily understandable and accessible resource utilization. The public can monitor the use of sources of income, so solely used for their designated purpose. This could encourage government officials to show the best performance.

5.6. Influence on Performance Monitoring SKPD

Supervision of the financial sector in the local government carried out both by internal and external parties as well as supervision by the legislature as a form

of implementation of the oversight function. Internal supervision carried out by the inspectorate / Inspectorate, while the external supervision conducted by the Supreme Audit Agency (BPK) as the independent auditors who examine and give an opinion on the fairness of the financial statements.

Financial fairness benchmarks measured by conformity to the Indonesian public accounting standards. Monitoring carried out internal parties is more guidance in the context of financial management to effectively and efficiently while the control by Parliament through a hearing and assess the accountability report of the Regent / Mayor, where the object of scrutiny of Parliament one of which is to ensure that the budget has been agreed already performed as expected.

Affect the performance of SKPD supervision, supervision by party such persons in the above in addition to ensuring that the budget has been prepared and agreed between the executive and legislative branches have been executed better known through the financial statements audited by BPK. In addition, the inclusion of the auditor's opinion and the basis for improvement of performance in the future. Thus the effectiveness of the supervisory significant effect on the performance of SKPD.

Holistically in relation to the theoretical results of this study in accordance with the National Performance Management of Advisory Commission (2010) in the journal *A Performance Management of Framework For State and Local Government* who explained that in order to achieve the government's performance is excellent, the need for performance management cover planning process to formulate the vision, mission and goals of the organization; process involving the community in identifying needs, the budgeting process that allocates financial resources in order of priority; measurement processes that drive the overall system performance management, accountability mechanisms or obligation to give an explanation or justification for the implementation of the responsibility publicly, process analysis and performance reporting. These results are in line with the concept of agency theory told by Hesterly (1996) which states that if the principals in this case the public losing confidence in the agency because of the problem of information asymmetry, and agents behave opportunism agent no longer put forward the objectives of the organization, but only for personal or group interests, then the principal must pay for the auditor to reduce the asymmetry. Information and opportunistic behavior of agents, so that organizational goals can be met... then the principal must pay for the auditor to reduce the asymmetry. Information and opportunistic behavior of agents, so that organizational goals can be met... then the principal must pay for the auditor to reduce the asymmetry. Information and opportunistic behavior of agents, so that organizational goals can be met...

5.7. Influence Elements of Financial Management the Public Service

Financial planning areas affecting public services. Financial planning in the process of developing a bottom-up system by which people participate in the preparation, especially to provide input about the program, the activities and budget. Public participation in the budgeting process indicates that services

considered urgent needs have been accommodated in the programs, activities and budget. If it can be realized effectively, efficiently, then the community needs for service are met as well. So good financial planning will increase community satisfaction with the public services.

planning equipped with a document of budget execution, revenues and expenditure procedures have been documented in a complete transaction evidence documents. If all the community service needs will be met. But otherwise the public's expectations for services are not met. Public expectations of the organizers of government is to fulfill the needs of service that are considered urgent. If the program of activities and budget has been prepared, then one implication that arises is capable mangalokasikan government administrators revenue sources appropriately, especially to meet the needs of community service. The results are consistent with research conducted by Rohmad that good planning affect the level of public satisfaction (stakeholders).

Control of implementation of the budget affect public services. Implementation of the budget in which the elements of internal control has been implemented, to ensure that the sources of income has been allocated solely for the benefit of community service. The logical consequence of the needs of the community is the level of community satisfaction with the public services increased as well.

Transparency and accountability reporting are accountability obligations do honestly and openly, by those who were given a mandate to run the government to the parties concerned, especially the people as giving a mandate. The mechanism of accountability and transparency is not good, indicating that the position holders trying to hide something that can not be done or should not be made public because it has been unable to carry out tasks according to their responsibilities. Conversely, if the office holders capable of doing a good job and was able menglokasikan resources effectively and efficiently opinion, there is no reason to meyembunyikan achievement of performance has been achieved in efforts to meet the needs of the public service.

Transparency and accountability of financial reporting affect the community satisfaction with the public services. The financial statements as a means of accountability expressed honestly and openly as well as providing justification for the implementation of the task, allowing the public to participate monitor development task execution position holders. The logical consequence of the participation of the public monitor the progress of the implementation of programs, activities and budgets, are government officials will showcase its best efforts to provide public services. Transparency and accountability reporting can increase community satisfaction with the public services.

Financial oversight by external parties is an evaluation process and to seek compatibility between the financial statements have been prepared with the standards set, and conducted by an independent party and then provide an opinion whether the financial statements in accordance with accounting standards public. Supervision of the financial sector in the governance of public finances has been done in layers, in addition to the supervision of external parties, also

conducted an internal party and Parliament in the framework of the implementation of the oversight function. From the perspective of agency theory of Parliament representing the people (voters) as a principal give a mandate to the government officials to run the government (agencies) where the main purpose is to provide public services. The agency relationship between the executive and the legislature as an agent as a principal,

The legislature can be considered as the agent in contact with the voters (voters). Voters elect the legislature to make public policy for voters. It is expected that the legislative body representing the interests of voters, especially keikutsetaan in budget allocation and monitoring in order to meet the expectations of voters, namely the public service.

The test results of this study indicate that both external oversight conducted through auditing and supervision conducted by internal party and the parliament effect on community satisfaction with the public services. Implications supervision of external parties, and parliament may lead to positive things that efficient behavior. Efficient behavior implies also an urgent need for appropriate community expectations. Thus the supervision of the financial aspects will increase community satisfaction with the public services. The results support the research conducted by Rohmad (2017) that controls both affect the level of community satisfaction.

Holistically can be said that the elements of financial management influence on public services. In line with the results of research conducted by Matshidze et al. (2012) showed that the performance management system and affect the productivity of public services. The performance management system in question is the implementation of management functions, started planning, plaksanaan, reporting, and monitoring including in the field of finance.

5.8. Effect of SKPD Performance against Public Services

The test results show that the achievement of performance research SKPD significant effect on people's satisfaction will be a public service. SKPD performance is a picture of the level of achievement goal or purpose of government agencies as a translation of the vision, mission and strategies that reflect the successes and failures in the implementation of activities in accordance with policies and programs that have been established. The main difference with the private sector performance measurement is a government agency if the private sector or company profit is an indicator of performance measurement. While the public sector is more focused on performance measurement of the level of achievement of the program, activities that includes the vision, mission and goals.

The main purpose of public organizations are providing services to the public, and the service was so wide and varied. In the eyes of the public as a recipient of the service tingkat satisfaction will increase as the demand for services can be met gradually and continuously by their respective work units that provide different services according to the task each principal, good service basic administration, service public infrastructure, public services , as well as basic social services. If the performance level of each unit of work achieved in

accordance with the objectives and targets then the satisfaction of public services society will increase as well, because each work unit can meet the needs of service according to the type of services provided by each agency.

At the level of practice in some areas is often found that although the achievement of performance is considered not achieved in terms of budget absorption level, but the level of community satisfaction with the public services is quite high. This condition implies that the performance is not only seen and normative comparison between the target organization and realization, but it should be the work process related to a series of activities of the organization. An indication of the public's satisfaction despite the low performance level is found in the work process capable government officials included community to meet the needs of service ..

5.9. Influence Elements of Financial Management of Public Services through Government Performance

The study states that the elements of financial management significantly influence the performance of public services through the Regional Work Units in the District / City of North Maluku province. The elements of financial management which includes the effectiveness of financial planning, budget execution effectiveness, transparency and accountability reporting and supervision in the financial sector can directly affect public services can also be influenced indirectly through the mediation of local peragkat work unit performance.

Performance Regional Work Units mediate the effects of the financial planning of public services, this is understandable because financial planning is a standard for the assessment of performance, while containing the programs and activities if it can be effectively implemented also means that the performance of the unit area devices can be achieved with good, the implications of the achievement of the performance seen aspects of budget absorption is fulfilled the needs of the public service. Thus the performance of SKPD mediating influence the effectiveness of the financial planning of public services.

Control of the budget implementation is a process of internal controls to ensure that financial resources are allocated effectively regions efficiently and in accordance with the program of activities and budget established by the executive and legislative branches. Society as voters entrusted to the legislature to determine the policy relating to the service needs through budgeting, and oversight for the implementation of programs and activities and the budget can be realized in appropriate designation.

From the perspective of the working unit, the effectiveness of internal control in budget execution has implications for the achievement of the performance that is economical (spending well), efficient (spending less), and effectiveness. From the perspective of the public or voters mengalokasikan financial resources effectively, efficiently, economically, indicating that the service dinaggap urgent needs can be met. Thus the performance of SKPD may mediate the effect of the

effectiveness of the implementation of the budget to the satisfaction will masyarakat public services.

Akunabilitas transparency and reporting in public finance is an obligation of liability by the recipient mandate or government officials to honestly and openly report financial information to the parties concerned. The mechanism of accountability and transparency that are less well indicate that the functionaries to hide something that can not be done or should not be known by the public because we are not able to perform the duties and functions of accountability.

Instead of accountability mechanisms and transparency shows that the position holders able to carry out tasks according to their responsibilities well, so that office holders want to report publicly to the parties concerned, especially the people as giving a mandate. The mechanism of accountability and transparency that is either conducted by the office holders in addition to reporting to the public that the tasks and functions have done well in terms of performance work unit led has achieved the best performance, but also want to show the public that the needs of the public service has fulfilled anyway. Thus transparency and accountability in addition to the direct impact on public services can also influence indirectly through SKPD performance.

Supervision in the financial sector by internal and external parties as well as the Parliament aims to ensure that the executive agent has mealaksanakan job well done. Feedback and suggestions from the supervisor is an input to improved performance in the future. Monitoring carried out of the legislature is to carry out the supervisory function and an agency relationship between the legislature and the executive as prinsipal as an agent. Assess legislative party executive accountability report.

To avoid asymmetry of information is needed mediation is the independent watchdog the Audit Board. Supervision is done in order to carry out executive duties responsibilities in order to achieve performance targets specified in the budget. Achievement target budget implications on the fulfillment of the public service requirement, thus supervision in the financial sector in addition to having a direct impact on public services, can also influence indirectly through SKPD performance.

The results of this study have been justified models of performance management of which were put forward by (Bernstein 2000, Probits 2009, the Department of National Treasury Reoublic of South Africa, 2007) that in order to improve the performance of public organizations, especially government organizations, starting with the formulation of policies and regulations good planning includes the formulation of long-term planning, medium-term plans which include the formulation of the vision, mission and goals, and implementation is set forth in the operational plan or annual plan. One important aspect of operational planning is a performance-based budget.

In the process of formulation, it is expected the logical relationship between the legislature as a principal representing the public / voters with the executive as the executor (agent) resulting in the formulation of these policies, the need for public services can be accommodated and a basis for formulating policies

preparation of programs and the type and level of service which will be given to the public.

The program of activity and budget has been prepared, the implementation needs to control, monitoring and evaluation through pengendalian system design through the internal and external parties independent oversight as a mediator between the legislative and the executive. The executive branch as an agent is obliged to take responsibility for the implementation of program activities and budget according to its function in an honest and open in order embodiment of good governance through the application of the principles of transparency and accountability, and is the basis for monitoring, evaluation of performance assessment at the same time.

Implementation of the management model and performance assessment is geared to the achievement of high performance organisasi government and has implications for people's satisfaction with the services provided, because in fact the government organization's goals is to provide services to the community. Thus the findings in this study that the application of the elements of financial management is a cyclical application of the planning, implementation, monitoring and evaluation are effectively tested, in addition to increasing the achievement of performance can also increase the satisfaction of the community public services and performance of SKPD may mediate the effect of the elements -unsur financial management of public services.

Important functions in running the local administration primarily to achieve high performance is the executive, legislative and independent auditors. In relation to the agency theory, the relationship between the legislative and the executive agency relationship in which the legislature represent the people as a principal and as an agency executive. Legislative executives representing the people together to formulate policies, especially budgetary policies. Expectations of the people is both the legislative and executive to promote the interests of the people, especially the fulfillment of the need for services that are considered urgent appropriate time dimension.

Legislative and public relations / voters an agency relationship in which the people as a principal entrusts to the legislature as an agent for formulating policies one budget policies oriented to the interests of voters. The legislature in addition to functioning budget (budget function), as well as to monitor the implementation of the budget (function monitoring).

In the eyes of voters trust given to the legislature in hopes that budget policy is formulated executives can meet the expectations of voters, namely the requirement for the service gradually and continuously, both administrative services, services of public infrastructure, public services, basic social services, and other services ,

Voters giving confidence to the executive particularly oversight of budget execution to be carried out as expected. Hope this will be achieved if both the executive and the legislature did not behave in an opportunistic or moral hazard behavior only think of their own interests, but should behave efficiently. Thus aspects of monitoring and by Parliament, the independent auditor effect on SKPD

performance improvement, as well as the implications on public services when both the legislative and executive behave efficiently.

Novelty of this research that the performance of the Local Government Unit mediating influence financial planning, budget execution control, transparency and accountability of financial reporting, and monitoring internal and external parties to public service.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1. Conclusion

- 1) a) Financial performance SKPD district / city in North Maluku province has been achieved as expected, judging from the economic dimension (*Spending-well*), Efficiency (spending less), and effectiveness. This suggests that the allocation of income sources for the implementation of programs, activities and resources are allocated appropriately according to their distribution to meet the interests of public service.
- b) Description of public services delivery shows that the care needs of society are met gradually in accordance phasing achievements that have been planned in the planning document the long-term, medium-term and annual work plans, both the needs of the administrative services, the servicing needs of public infrastructure, the need for public services as well as aspects of the cost of service and support service.
- c) Financial governance on the regional work units in the District / City of North Maluku have been effectively made where the elements of financial management include: financial planning, budget execution, transparency, and accountability reporting, and supervision have been implemented properly.
- d) Applying the elements of effective financial management indicated that all management functions of financial governance have been effectively applied. From the aspects of planning, budget formulation process in addition to referring to the document development planning long-term, medium-term and operational plans as a basis for achieving development phasing, also using a participatory approach with the community in the preparation program of activities and budget, so that the needs of public services considered urgent can be accommodated. From the aspect of the budget implementation of internal control system has been designed to secure the allocation of income, so its use as intended. Transparency and accountability have been built as a form of implementing good governance in the financial sector. Financial accountability of the executive to the parties concerned, it has been done in a timely, fair and opens so that the public can access the financial statements as well monitor the use of financial resources. In addition, control of the sources of income and expenditure and financing has been done, well done both internal and external parties and the supervision of Parliament in the framework of implementation of the oversight function has been carried out effectively.

- 2) Financial planning is realized through budgeting based on performance, where the budgetary process based on the achievement of development phasing formulated development planning documents and have a budget goal clarity that is appropriate vision and mission, as well as accommodate the needs of public services that are considered urgent are met. Budget is a standard assessment of performance and the allocation of income to meet the needs of community service. Implementation of the internal control system in the implementation of the budget covering the operational availability rate standard financial management procedures, separation of functions and the documents of proof of evidence of transactions that guarantee the reliability of the financial transaction is the embodiment of efforts to use sources of revenue for their designated purpose. Honesty accountable for the implementation of programs, activities and budget on time, honest and open to the parties concerned, especially the community as a stakeholder. In addition to reports that the duties and functions are done well, the executive also wants to show the public that the ministry needs have been met. Also. Monitoring carried out externally and internally, as well as by Parliament is to ensure that budgets are drawn up has been carried out where the source of income has been allocated economically, effectively, efficiently. Monitoring carried out BPK is to audit the financial statements to determine whether the financial statements are prepared in accordance accounting standards applicable public finances. Monitoring carried out by the legislature as a principal is to ensure that the executive agency has undertaken the duty responsibilities in order to achieve the performance targets it has set in the budget document. In the assessment of liability in order to avoid asymmetry of information would require the mediation of an independent audit. Monitoring carried out by the legislature as a principal is to ensure that the executive agency has undertaken the duty responsibilities in order to achieve the performance targets it has set in the budget document. In the assessment of liability in order to avoid asymmetry of information would require the mediation of an independent audit. Monitoring carried out by the legislature as a principal is to ensure that the executive agency has undertaken the duty responsibilities in order to achieve the performance targets it has set in the budget document. In the assessment of liability in order to avoid asymmetry of information would require the mediation of an independent audit.
- 3) Financial planning in the process of developing a bottom-up system by which people participate in the preparation, especially to provide input about the program, the activities and budget. Good planning, if all needs service society will be met. Implementation of the budget in which the elements of internal control has been implemented and running well, to ensure that the sources of income has been allocated solely for the benefit of community service. The logical consequence of the needs of the community is the level of community satisfaction with the public services increased as well. Transparency and accountability reporting are accountability obligations do honestly and openly, by those who were given a mandate to run the government to the parties

concerned, especially the people as giving a mandate. Transparency and accountability reporting can increase community satisfaction with the public services. Supervision of the financial sector in the governance of public finances has been done in layers,

- 4) Performance SKPD is a picture of the level of achievement goal or purpose of government agencies as a translation of the vision, mission and strategies that reflect the level of success and failure implementation of activities in accordance with policies and programs that have been established. If the performance level of each unit of work achieved in accordance with the objectives and targets then the satisfaction of public services society will increase as well, because each work unit can meet the needs of service according to the type of services provided by each agency.
- 5) Applying the elements of financial management which includes plan finance, Control of budget execution, transparency and accountability of financial reporting, internal control and external parties effectively have a significant effect on the performance of SKPD and the implications for the community satisfaction with the public services. Performance Regional Work Units may mediate the effect elements of local finances to the public service.

6.2. Suggestion

- 1) For the Executive and Legislative
 - a) The elements of public financial management consists of planning, budget execution, transparency and accountability reporting, and monitoring significant effect on the performance of the local work force and has implications for public services. This means that to achieve excellent performance and can maintain good performance functionaries in local governance structures should be able to design and implement financial governance effectively and consistently.
 - b) Descriptive analysis showed that the system of regional development planning, including financial planning system at each business unit in the district / city in North Maluku province has been implemented fairly well and has been proven to improve the performance and has implications for public services. If this system can be applied to any other local governments, the discourse to reimpose Outlines of State Policy does not need to be realized as a planning system based on strategic planning and can accommodate more fisioner decentralized systems as well as demands for reform.
 - c) The agency relationship between the legislature as a principal and executive agency should be in policy formulation, especially budgeting and supervision do not promote opportunistic behavior, which can lead to behavioral moral hazard that can distort the formulation of policies that lead to personal or group interests so that the demands of the public service cannot be fulfilled.
 - d) No matter how good financial governance system that has been built, but if there is collusion between the executive, legislative, and the independent

auditor as a mediator, then the system that has been built will be meaningless. To overcome this condition one important aspect is the implementation of transparency and accountability which financial statements, published accountability reports honestly and openly, so that people can access information and participate in monitoring the utilization of the sources of local revenue. Meanwhile, the executive cannot hide the programs and activities that have not been implemented, but seeks publish best performance.

2) For Scientific Development

- a) Enriching the concept of public service by developing the concept of the elements of financial management as a driver of performance.
- b) The results of this study revealed that the performance of the local work force significantly influence people's satisfaction with public services, the concept underlying theory still many studies conducted thus necessary to develop further theories and models to support improved performance and success of the public service.
- c) Achievement of the local work unit performance and the level of community satisfaction with the public services cannot be separated also from the behavior of the executive, and the legislature in policy formulation and implementation, especially budgeting and accountability. Need to develop theories and models to reduce the use of discretionary powers by the legislature and the asymmetry of information from the executive, as well as an agency relationship between the legislature and the people to mendrive meet public demand for public services through mediation SKPD performance.

3) For Further Research.

- a) Respondent in this study is an officer of the local work force, it is necessary to further research community respondents as the recipient of the service for the public satisfaction guarantee objectivity in particular will be a public service.

To add information and enrich the research results about the performance and community satisfaction with the public service, further research needs to be included in other variables including leadership style, the specificity of the characteristics of each region capable mendrive performance improvements and public services.

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