



Effectiveness of Internal Control System and Cashless Transaction in the Implementation of Good Government

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ABSTRACT: The purpose of this study is to assess the effectiveness of the internal control system and cashless transactions and their relationship with the implementation of good governance in the Barru Regency Library and Archives Office. The research was carried out using quantitative methods with a descriptive approach. Data collection is carried out using questionnaires. The data analysis technique is multiple linear regression using the SPSS Ver 26 application. The results showed that the effectiveness of the internal control system affects the implementation of good governance in the Barru Regency Library and Archives Service. Then cashless transactions affect the implementation of good governance in the Barru Regency Library and Archives Office.

KEYWORDS: Internal Control System, Cashless Transaction, Good Governance

Received 01 June, 2022; Revised 11 June, 2022; Accepted 13 June, 2022 © The author(s) 2022.

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I. INTRODUCTION

In the era of globalization, organizations must be responsive to free competition and can compete for the organization successfully supported by the arrangement of the organization's work. The willingness of information in the organization also supports the success of the organization. The success of information as an effort to support organizational activities three roles must be appropriate including data and quality must be matched, data organizing, and how data is used [1].

Due to the implementation of local autonomy with the principle of decentralization, this spurs the area to innovate, create and deform regulations, as expressed through [2] in which those who are given obligations to do work and are relied on to be able to manage the project themselves with tasks tailor-made to the needs of the nearby location.

An effort to organize government with the application of electronic-based technology so that it can develop, effectively, and efficiently and the quality of service to the community is more qualified needed in the development of government business processes between governments through e-Government, namely. The required costs are few but can get the benefits of the transaction so it is said to be an efficient payment system.

The payment system in economic transactions has been replaced due to the sophistication of technology with non-cash, and stores have accepted payments with ATM cards. If people who shop can pay with an ATM card, there is no need to bring cash because the risk of loss is greater. Competition between banks spurs the banking or non-bank sector to innovate more in preparing a safer and more practical media [3].

One of the places where this cashless transaction is carried out is the Barru Regency Library and Archives Office taken as the place for this research because the implementation of the cashless Transaction (non-cash transaction) implementation policy has often been carried out in early 2018. The implementation of this transaction model is then gradually implemented in all regional apparatus organizations related to the cashless transaction policy and the government's internal control system and is carried out by competent people.

Before implementing cashless transactions, it is difficult to detect the circulation of counterfeit money in the scope of cash payments at the treasurer (government), there are also indications of embezzlement by government officials and the administration of financial governance is not in order. The implementation of this cashless transaction can prevent the circulation of counterfeit money within the government, it is difficult to embezzle transactions by certain individuals and non-cash transactions can realize strict rules. This will result in the financial management of the Barru district government will be more accountable.

Today employees in a company or an organization are very important for the survival of an organization. Employees become such a valuable asset to the organization that it is necessary to be valued not just used as a means of production. Human resources as a driver, director, and development [4]. Employee performance can be improved through the existing internal control system in the organization along with employee performance. If the system is good, the better the performance of members or employees to achieve goals and can increase the accountability of an organization.

This internal control can improve the performance of local governments as well as help their members to perform tasks effectively and efficiently, as well as help managers carry out their responsibilities in achieving effective performance. According to [5] stated that the government's internal control system must be implemented properly and by the desired target.

Government is the main actor in doing good government. Where government and private organizations need human resources because in carrying out the activities of these government and private organizations to achieve the desired goals. The absence of human resources means that the activities of the organization will not run. Employees play an important role because creative ideas, skills, and competencies are needed by companies in achieving their goals [6]. Before the implementation of Cashless Transactions, the Buleleng Regional Government faced obstacles/problems. According to one of the employees at the Library and Archives Office in Barru Regency, there were several problems faced by the Buleleng Regional Government before the implementation of the Cashless transaction, including There, are indications of embezzlement, difficulty detecting the circulation of counterfeit money in the scope of cash payments at the treasurer (government), the administration of financial governance is less orderly, less accountable, and several other obstacles.

The implementation of Good Government in the Barru Regency Government from year to year continues to make improvements in the field of services, so to be able to achieve better, cleaner, and more authoritative services, the Barru Regency Government makes policies, namely improving public services in SKPD that perform services. With the development of Online Single Submission (OSS) and the Electronic Licensing and Investment Service Information System (SIPAMMASE) in terms of improving services digitally, the benefits have been felt by the community. Information related to the service has been available on the <https://barrukab.go.id/> website. previously, Barru county was still doing all-manual service without a website. This slows down all services in local government.

Based on the background and problems presented, the problems that can be identified are: The Effectiveness of Cashless Transactions and the Government Internal Control System (SPIP) in the Barru Regency Regional Government towards the implementation of Good Government

II. LITERATURE REVIEW

2.1 Cashless Transaction

Cashless transaction is a cashless payment system. Cashless refers to digital payments. The use of cashless systems has increased in society which provides several benefits for actors and the state. For individuals, cashless is very convenient to use and practical. The cashless system makes it easy for individuals to see the history of transactions made. This is very useful in managing budgets.

Some factors give rise to cashless payment systems such as issuance, maintenance, and distribution costs. In addition, there is also an awareness factor of the potential for fraud and crime that is increasingly rampant. The crime in question can be caused by physical money such as the circulation of counterfeit money. The existence of cashless also facilitates the government's task of managing and supervising transactions from the economic activities of its people. Moreover, reports on economic transactions and trade can be accessed using electronic reports.

Transactions using a cashless system do not involve the physical movement of money, so this will reduce the possibility of corruption and collusion among the parties to the transaction. Especially transactions related to public services.

2.2 Internal Control System

Internal control is an influenced process to provide assurances that the goals of the organization can be achieved through efficiency and effectiveness of operations, trustworthy presentation of financial statements, and compliance with applicable laws and rules. Internal control can be measured based on its indicators, namely the control environment, risk assessment, control activities, information and communication, and monitoring of internal control. Internal control has five assessment indicators, namely the control environment, risk assessment, control activities, information and communication, and internal control monitoring.

2.3 Good Government

Good governance is a concept of solid and responsible governance that is in line with the principles of democracy and efficient markets. Good governance in this study emphasizes the factors that affect the performance of local government organizations. Good governance has indicators, namely participation, rule of law, transparency, responsiveness, consensus orientation, equity, efficiency and effectiveness, accountability, and strategic vision.

2.4 Theoretical Framework

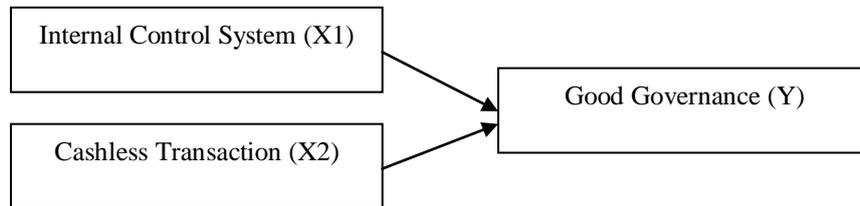


Diagram I. Theoretical Framework

II. METHODOLOGY

This research uses quantitative methods with a descriptive approach. The location of the study was the Barru Regency Library and Archives Office in South Sulawesi. The population used is all employees of the Library and Archives Service with the Proportionate Stratified Random Sampling sample technique due to the condition of respondents who have certain strata in the organization. The data collection technique used is a questionnaire. The method of analysis used is multiple linear regression.

IV. RESULT AND DISCUSSION

4.1 Result

The results showed that part using the t-test that the internal control system variable (X1) had a positive effect on the implementation of good governance. This can be seen from the significance value where $0.04 < 0.05$. Then the next research result is that cashless transaction (X2) has a positive effect on the implementation of good governance. This can be seen from the significance level where it is $0.01 < 0.05$.

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	5.876	2.845		2.065	.047
	X1	.303	.096	.421	3.141	.004
	X2	.416	.110	.510	3.802	.001

a. Dependent Variable: Y

Diagram II. Partial Test

The results of the study simultaneously showed that the variables of the internal control system and cashless transactions had a positive effect on the implementation of good governance. This can be seen from the significance value of $0.000 < 0.05$.

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	228.644	2	114.322	50.058	.000 ^b
	Residual	70.798	31	2.284		
	Total	299.441	33			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

Diagram III. Simultan Test

Based on the results of the coefficient of determination that the value of R Square is 0.764 or 76.4% has an effect. It can be said that the variables of the internal control system and cashless transactions have an effect of 76.4% on the implementation of good governance, the remaining 23.6% is influenced by other factors.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.874 ^a	.764	.748	1.51122	2.172

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

Diagram IV. Coefficient of Determination

The results of multiple linear regression from the study can be seen in the following equation

$$Y = 5,875 + 0,303X1 + 0,416X2 + e$$

1. a constant of 5,875 which means that if there is a change in the value of an independent variable, namely the internal control system and cashless transactions, the dependent variable (good governance) value is 5,875.
2. the regression coefficient on the internal control system variable is 0.303 and positive means that if the internal control system variable increases by 1 point significantly and other independent variables are of fixed value, the internal control system variable will increase the value of the cashless transaction variable
3. the regression coefficient on the cashless transaction variable is 0.4162 and positive means that if the cashless transaction variable increases by 1 percent significantly and other independent variables are of fixed value, the cashless transaction variable will increase the value of the internal control system variable.

4.2 Discussion

The results showed that the internal control system had a positive effect on the implementation of good governance in the Barru Regency Library and Archives Service. The internal control system is a central SOP that must be implemented by local governments. This system serves to see how accurately local governments run operations following existing guidelines. The internal control system at the Barru Regency Library and Archives Office as a whole is running well although there are still some indicators that are not optimal, such as the risk assessment and monitoring section. The relationship with the implementation of good governance is how the implementation of this internal control system can create local governments with the predicate of implementing good governance. Overall, this office implements good governance even though not all indicators are going well such as efficiency and effectiveness, and responsiveness. So that the Library and Archives Office uses several solutions so that the internal control system can be effective and have an impact on the implementation of good governance, namely creating a punishment and reward system for employees who obey the internal control system in the service. This result is in line with research conducted by [7] stating that the internal control system affects the implementation of good governance and the need for effectiveness to improve fraud prevention within local governments.

The results showed that cashless transactions affect the implementation of good governance in the Barru Regency Library and Archives Office. The Barru Regency Government through its website, [namely https://barrukab.go.id/](https://barrukab.go.id/), has given orders to implement cashless transactions in all places. Cashless transaction is in the form of transferring transactions from cash to non-cash. These transactions will be easier to track through applications available on cellphones or ATMs. The application of cashless transactions is one of the things that can improve good governance and carrying out various transactions using a non-cash system will provide effective and efficient services. The same thing was also stated by Wijaya [8] that the effectiveness of cashless transactions has a positive effect on the implementation of good governance in the Buleleng Regency.

V. CONCLUSION

The effectiveness of the internal control system in the Barru Regency Library and Archives Office has a positive effect on the implementation of good governance. Likewise, the effectiveness of cashless transactions has a positive effect on the implementation of good governance. This system serves to see how accurately local governments run operations by existing guidelines. The internal control system at the Barru Regency Library and Archives Office as a whole is running well although there are still some indicators that are not optimal, such as the risk assessment and monitoring section. The relationship with the implementation of good governance is

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