

ABSTRACT

The financial performance of local governments is an important matter for local governments and those in need. Measurement of financial performance is sourced from financial information which is measured based on the budget that has been made. Local government efforts in exploring regional financial capacity can be seen from regional financial performance which is measured using local government financial ratio analysis, one of which is using efficiency ratios, where the level of achievement of program results with the targets set.

This study was conducted to determine the simultaneous and partial effect of government size, balancing funds, and internal control system audit findings on the financial performance of local governments in the Regional Government of East Java Province. The sample of this study uses data from the official website of local government institutions in East Java and the 2017-2019 Semester Examination Results Summary (IHPS).

This research uses quantitative methods with descriptive research and hypothesis testing. The hypothesis tested in this study was purposive sampling so that the sample in this study consisted of 39 local governments in East Java covering 29 district governments, 9 city governments, and 1 provincial government in East Java.

The results of this study indicate that the variables of government size, balancing funds, audit findings of the internal control system have a simultaneous effect on the financial performance of local governments in the East Java Regional Government. Partially, the variables of government size, and balancing funds have a positive effect on the financial performance of local governments. Meanwhile, the audit findings of the internal control system have no significant effect on the financial performance of local governments.

For further researchers, the researcher hopes that this research can be used as reference material for further researchers who want to examine matters that affect the financial performance of local governments such as government size, balancing funds, audit findings of internal control systems. The author gives suggestions as the development of further research for further research is expected to increase the range of the period to an annual so that the research results obtained are expected to be more detailed, and for further researchers are expected to add other variables.

Keywords: balancing funds, local government financial performance, internal control system audit findings, and government measures.