LITERATURE REVIEW

Regional Public Agency (BLUD)

BLUD is a financial management system that enables flexibility in the form of the freedom to apply correct business practices, improve public services, and promote the nation's general prosperity and intellectual life as prescribed by government regulations (Pemerintah Republik Indonesia, 2005). Article 2 of Government Regulation Number 23 of 2005 concerning the Financial Management of Public Service Agencies states that "BLU aims to improve public service to the public to promote the general prosperity and intellectual life of the nation; by providing flexible financial management based on economic and productivity principles; and implementing of proper business practices."

BLUD Financial Management

Government entities that choose to apply BLUD Financial management (PPK-BLUD) are given flexibility in many aspects. Regulation No. 61 of the Minister of Home Affairs of 2007 states that these flexibilities are the ability to use operating income without seeking prior approval from the Regional General Treasurer (Bendahara Umum Daerah), budget shifts based on expenditure type, determination of hospital fee rates except for class III rates, determination of manager's remuneration, and authority to hire non-PNS employees (Indonesia). As a result, the existing finance in PPK BLUDs can be used to satisfy BLUDs' operational demands, reducing the APBD's reliance year after year.

Good Government Governance

Good government governance is excellent in the form of a system that governs and manages state affairs at all stages concerning the rights and obligations of the parties involved. Good government governance can be defined as good governance that complies with openness and fairness principles that can be accounted for to fulfill organizational goals. Umar (2006, p.30) defines good government governance as the set of principles, policies, and institutions by which a society runs its economic, political, and social affairs through interactions between the state, civil society, and the private sector. It is the process by which a society organizes itself to make and implement decisions to achieve mutual understanding, agreement, and action. Participation, transparency, accountability, efficiency, and fairness are all elements of good governance concerning environmental preservation and management as stated in Government Regulation No. 25 Of 2009 Concerning Public Services Public Service (2009).

The principle of participation means' every citizen has a right in the decisions made, either directly or through lawful institutions that represent their importance. The principle of transparency is a principle that ensures that everyone has equal access to information regarding government
administration, including information about policies, the process of developing and implementing them, and the outcomes obtained. The principle of accountability means that every government action and performance must be held accountable. The principle of efficiency focuses on reducing resource utilization to attain the most remarkable results. The principle of fairness allows for equal treatment of stakeholders responsibly during implementation.

**Internal Supervisory Unit (Satuan Pengawas Internal Rumah Sakit/SPI)**

SPI is a fundamental component of government management that contributes to good governance and a clean government. SPI is expected to develop a professional government bureaucracy with adaptable characteristics, integrity, high performance, clean and free of corruption, collusion, and nepotism, capable of serving the public, neutral, prosperous, dedicated, and upholding the state apparatus's fundamental values and code of ethics (Kementerian Kesehatan Republik Indonesia, 2020). SPI was formed to assist hospital directors in efficiently securing hospital funding and assets; evaluating the design and implementation of internal controls and ensuring that financial data could be trusted; analyze and evaluating system efficacy and processes in all areas and units of hospital operations (Pemerintah Provinsi Bali Rumah Sakit Mata Bali Mandara, 2018).

The existence of SPI is the same as an internal auditor in general. Internal audit assists the organization in achieving its goals by assessing and improving the efficacy and efficiency of risk management, control, and governance procedures in a systematic and disciplined manner. SPI has developed for the oversight and internal control of service performance and the economic and social environment effects on implementing healthy business practices. Refering to Regulation of the Minister of Home Affairs No. 79 of 2018 concerning Regional Public Service Agency, the SPI reports directly to the leader and assists the leader with internal control (2018).