



Board of Knowledge about Budgeting Regional Financing (APBD) in Sidoarjo

Santi Rahma Dewi^{a*}, Kukuh Sinduwiatmo^a, Sarwenda Biduri^a

^a Accounting Department, Faculty of Economics and Business, Universitas Muhammadiyah Sidoarjo, Indonesia.

ARTICLE INFORMATION

ABSTRACT

Article history:

Received date: 3 July 2019

Revised date: 15 August 2019

Accepted date: 23 August 2019

Keywords: budget knowledge; regional financial supervision

This study aims to find out how the board's knowledge about the budget in implementing regional financial supervision (APBD). This research was conducted with qualitative methods by presenting elements of questions regarding the board's knowledge of budget and regional financial supervision. Methods of gathering information using interviews and documentation to members of the Sidoarjo Regency council. The results of this study indicate that board members understand the process of determining the budget carried out by the executive, so that they can supervise and control the implementation of the APBD in Sidoarjo Regency. And expect follow-up from the executive on recommendations that have been given by the legislature where so far there has been no follow-up done.

2019 FEB UPNVJT. All rights reserved

* Corresponding author

E-mail address: santirahma.d@gmail.com

INTRODUCTION

People's welfare is the main goal of the government's performance. The government is trying to realize welfare equality, especially fiscal, by maintaining finances managed from sources of tax revenues and other sources. In achieving balance the government must be able to harmonize the political process for various interests of the community. In accordance with PP regulation 58/2005 the government has made a regulation in accordance with the demands of the community, namely the regional head must carry out accountability (accountability) in the regional financial statements, namely the regional balance sheet, cash flow and budget realization. Along with the emergence of reform movements that brought changes to political life in all levels of society. One of the impacts of this change is the existence of financial decentralization and regional autonomy.

The positive implications of the enactment of the Law on Regional Autonomy relating to the position, functions and rights of the DPRD, are expected to be further active in capturing aspirations that develop in the community, which then adopts them in various forms of public policy in the regions. together with the Regional Head (Regents and Mayors). Another impact which later emerged in the framework of regional autonomy was the demand for the government to create good governance as a prerequisite for the administration of the government by prioritizing accountability and transparency. To support accountability and transparency internal controls and external controls are needed that are good and accountable. In connection with this, the role of the council is increasing in controlling government policy.

In general, the legislature has three functions, namely: (1) the function of legislation (the function of making legislation), (2) the function of the budget (the function of preparing the budget, and (3) the function of supervision (a function of overseeing executive performance). From various information found that in each budget year there is often a discrepancy between the government and the council in budget formulation and frequent tug-of-war between the council and the government to determine the budget plan, it is necessary to assess whether the board members understand everything about the budget so they can reached an agreement in determining the RAPBD.

Therefore, it is expected that this research can provide solutions for planning, preparation and control in a transparent and accountable manner. Therefore, in this study the function of the board to be discussed is the function of budget oversight. The problem is whether in carrying out the oversight function more due to the knowledge of the budget board or more due to other problems. Budget oversight carried out by the board is influenced by internal factors and external factors (Pramono, 2002). Internal factors are factors possessed by the board that directly influence the supervision carried out by the board, one of which is knowledge about the budget. While external factors are the influence of outside of the supervisory function of the council which indirectly affects the supervision carried out by the council, including the existence of public participation and transparency of public policy. Based on the background described above, the researchers formulating research problems are as follows: What is the board's knowledge about the budget in regional financial supervision (APBD), Regarding the problems that have been formulated above, the objectives of this study are: to provide information about the knowledge of the board of budgeting in implementing regional financial supervision (APBD).

LITERATURE REVIEW

Regional Finance

The definition of regional finance according to Article 1 of PP No. 105 of 2000 is all regional rights and obligations within the framework of governance which can be assessed with money including all forms of wealth relating to the rights and obligations of the region within the framework of the Regional Budget. From the definition of state finance mentioned above, the definition of regional finance is basically the same as the definition of finance in a country where "country" is analogized by "region". It's just that in this context regional finance is all the rights and obligations of the regions that can be valued with money. Likewise something both money and goods that can become regional wealth are related to the implementation of the rights of these obligations and certainly within the limits of regional authority (Ichsan *et al.*, 1997).

Board Knowledge about the Budget

The board's knowledge of the budget is an activity in knowing the board's budget and ability in budgeting activities (RAPBD/APBD), examination of activities identified against budget waste or failure, and budget leakage. The ability to carry out tasks has a very close relationship with the level of knowledge, skills and expertise. Therefore, increasing the capacity of the apparatus is always directed towards education and training and aims to expand the experience of the apparatus through comparative studies to other places that have more experience. The goals to be achieved through education and training for human resources are in the development and improvement of various elements as follows: Aiming at developing and implementing tasks and responsibilities as government officials, so that they are able to meet predetermined standards for a particular task and can make decisions independently and professionally with various specific considerations. b. Aiming at the implementation related to activities to increase motivation, discipline, honesty, work ethic, and a sense of responsibility based on the awareness of each individual concern.

Aim in changing attitudes and behaviors that lead to development attitude of openness, attitude of service and behavior of protecting politics as their main duties and responsibilities. In an effort to improve performance in regional financial supervision, all members of the council / DPRD must have detailed knowledge of the overall structure and process of the budget. Therefore, basic knowledge of the economy and regional budgets must be known to each member of the DPRD. The knowledge of the board regarding the budget mechanism comes from the ability of board members to obtain from various educational backgrounds or from training and seminars related to regional finance followed by members of each board. Coaching/seminars on regional finance followed by each member of the board will increase the understanding of board members that the budget allocation process is not only an administrative process, but also a political process. This can prove that the budget according to priority must be carried out by the DPRD since the regional midterm plan preparation so that the process of determining the general policy of the APBD (KUA) and the priority of the temporary budget ceiling (PPAS). The

knowledge of the budget has a close relationship with the function of budgeting and the supervisory function possessed by each member of the council. As for the budgeting function, it is recommended for every DPRD member to participate actively in budget process activities with the executive party. APBD. In certain circumstances DPRD members are forced to have skills in reading budgets as well as having capabilities related to the budget process in the region so that the DPRD can carry out its duties effectively in carrying out supervisory activities on the implementation of the budget.

Regional Financial Supervision

Supervision is needed to find out whether the planned planning can run efficiently, effectively, and economically. Supervision according to Presidential Decree No. 74 of 2001 (Regarding Procedures for Supervision of Regional Government Organizations) Article (16) states that supervision of regional government is a process of activities aimed at ensuring that the regional government runs in accordance with the plans and provisions of the applicable legislation. Supervision carried out by the council can be in the form of direct and indirect and preventive and repressive supervision. Direct supervision is carried out personally by observing, researching, checking, checking on the job site and asking directly from the executor by inspection. Whereas indirect supervision is done by studying the reports received from the implementers. Preventive supervision is carried out through the audit audit before work begins. Repressive supervision is carried out through post-audit with an examination of the implementation on site (inspection).

DPRD would be able to use its rights appropriately, carry out its duties and obligations effectively and place its position proportionally if each member had sufficient knowledge in terms of the technical conception of governance, public policy, and so on. Knowledge needed in conducting regional financial supervision is one of them is knowledge about the budget. By knowing about the budget, it is expected that board members can detect wastefulness and budget leakage. The change in the paradigm of the budget in the reform era requires the participation of the public (public) in the entire budget cycle. To create accountability to the public the participation of heads of agencies and citizens is needed in budget preparation and

supervision (Rubin, 1996). Achmadi (2002) states that public participation is the key to success of the implementation of regional autonomy because participation involves aspects of supervision and aspiration. The supervision referred to here includes supervision of the executive through the legislature.

The role of the council in supervising regional finance will be influenced by community involvement in budget advocacy. So, in addition to knowledge about the budget that affects the supervision carried out by the council, public participation is expected to improve the oversight function. In addition to accountability and community participation in the budget cycle, budget transparency is also needed to improve supervision. Transparency is one of the principles of good governance. Transparency is built on the basis of free information, all governance, institutions and information that need to be accessed by interested parties, and the information available must be sufficient to be understood and monitored. The budget prepared by the executive is said to be transparent if it meets the following criteria:

1. There are announcements of budget policies
2. Budget documents are available and easily accessible
3. Timely accountability reports are available
4. Accommodation of votes / proposals
5. There is a system for providing information to the public

Board Knowledge of the Budget in Regional Financial Supervision

Each board member must have sufficient knowledge in terms of the technical conception of governance and public policy, because the DPRD must be able to use its rights appropriately, carry out their duties and obligations effectively and place their position in a proportional manner (Coryanata, 2016). Winarna *et al.* (2007) showed that the council's knowledge of budgeting had a significant effect on regional financial supervision (APBD).

METHOD

This research is an action research that takes 1 year. In this research method convey in detail, covering the outline of the research approach, methods and procedures for data collection and

analysis that will be used to achieve the research objectives.

The first stage of the researcher is to find the background of the problem and the formulation of the problem from the research that will be carried out by the researcher, then after that the researcher determines the object of the research and determines the relevant key informants who are able to provide information to support the research. The next stage, information gathering is done by participant observation, interviews and documentation to find all the information related to the formulation of the problem as well as the focus of the research, so that researchers get answers from the formulation of the problem. Test the validity of the data by testing the credibility of the data by means of triangulation tests, namely combining observation, interviews and documentation. Data analysis during the research field according to Miles and Huberman (1984).

Data analysis stage in this stage the researcher conducts a series of qualitative data analysis processes up to the interpretation of the data obtained previously. The researcher analyzes the data he obtained then compiles the report. Reports obtained during the reduced research process are reprocessed so that they can be arranged in a coherent manner and good results in the discussion of the research considered appropriate. So that it will get conclusions from all information and supporters that have been collected. This research was conducted in the Sidoarjo Regency DPRD. The object of this research is the Members of the Regional Representative Council of Sidoarjo Regency.

The research instrument of the Board's Knowledge of the Budget in Regional Financial Supervision (APBD) in Sidoarjo Regency is as follows:

- a) Board Knowledge About the Budget
 1. How is the preparation and mechanism for preparing the Regional Budget?
 2. What is your understanding in implementing the APBD that should be done by the executive?
 3. How are you able to identify the appropriateness of the Budget and the implementation of the Regional Budget
 4. How are you able to identify waste and failure in the project?

b) Regional Financial Supervision

1. How far is your involvement in providing information on the preparation of the general direction and policy of the APBD?
2. Do you conduct political analysis in the budget formulation?
3. Are the aspirations of the community the basis of you in order to prepare the APBD?
4. What is your involvement in APBD approval?
5. Can you explain about the approved APBD?
6. Do you think that the approval of the Regional Budget has met the principle of transparency?
7. To what extent are you involved in monitoring the implementation of the Regional Budget?
8. What is your activity in evaluating quarterly reports made by executives?
9. If there is a revision submitted by the executive, will you ask the reason for the revision of the budget?
10. Will you ask for information on the APBD's accountability report (LPJ) submitted by the Regent / Mayor?
11. 11 What do you do if the LPJ budget occurs in the budget?
12. 12 Are there irregularities encountered in the LPJ APBD and what was done?

Data collection technique

In this study data was obtained in two ways, namely documentation and interview. The documentation technique in this study is the collection of data obtained from records, reports, and documents contained in the DPRD related to APBD and its reporting. Interview with several questions that represent research.

RESULT AND DISCUSSION

From the results of research conducted in the Sidoarjo Regency DPRD, by conducting in-depth interviews with the Chairperson of the Sidoarjo Regency DPRD and members of the Budget Committee. The following results are obtained:

Board Knowledge about the Budget

Board knowledge about the method for preparing the RAPBD.

The explanation from the first resource person about the methods and stages of the APBD preparation is very complete and clear, and the matters for the preparation and design are regulated in the Regional Regulations. It was explained that the preparation of the APBD was an implementation of the regional development plan for a year but in the big clothes it implemented the RPJM for 5 years local government / one of the leaders in the district or city. So in compiling this annual APBD budget the RPJM guideline is then carried out stages through village meetings, then at the sub-district level it continues to the district then the Regional Service Unit Work Plan then becomes the RKPD. In this arrangement, from 2018 Sidoarjo district has used e-planning, so it is no longer manually or offline. Each proposal must enter through the system. If a proposal enters the system suddenly appears it is also not permissible where the proposal must be on the RKPD.

The RKPD is not an area of council oversight because the RKPD is a regional government oversight area which then the RKPD is discussed by the government and the budget team with the DPRD and the Budget Agency, and then later becomes the general budget money policy and prepares the Temporary Budget Priorita Ceiling. This was compiled after discussing the RKPD with the budget team and budget body towards the KUA BPAS. After compiling the KUA BPAS together, drafting the Regional Regulation on Regional Budget was discussed again into the Regional Budget, that what is in the Regional Budget must be in KUA BPAS and must be in the RKPD. After it was agreed to be a maximum APBD 30 November 2019 (for the period 2019 - 2020) it is still a draft Perda. APBD is still being evaluated by the governor, for 2 weeks. At the end of December, the results of the evaluation had appeared, then returned to the DPRD to be discussed again in the recommendations of the provincial government, what could be done and should not be done appeared in the results of the evaluation. After the evaluation results from the DPRD Regional Government, a registration number will appear, so that it will officially become a regional regulation that will be released for the next year, but the

system is also top down for the evaluation results. Besides the bigger proposal, the availability of the budget in the APBD is still 5.2 trillion, but if it is proposed it can reach 9 trillion, then it will appear on the Temporary Budget Priority Ceiling.

The budget that has been included in the e-planning which will then be discussed by the DPRD will be corrected, ie abolished or trimmed and will be made in the form of a catalog. For the explanation from the second speaker, it was explained that the APBD was compiled by the executive, how to organize the executive through several stages, starting from the village hall musyrik brought to the sub-district musyrik, then the district and then brought together here by the executive including how to absorb aspirations from all elements of society and figures all. After that it starts from February to March, after becoming a standard concept for executives. Well, in the form of QUILITY, the general budget policy in the form of global policy was presented to us in the DPR. We discussed the general policies in the DPR, what should the executive do next/next year, after that we return them again, if they have been discussed and pounded/publicized (decided by public policy) both the income ceiling and the shopping ceiling have not been technical . How many BUPR or asphalt roads this year, for example 100 billion are agreed to 100 billion, agreed to be 200 billion, 200 billion, have not been brought to the region anywhere 200 billion, after that it is returned to the executive, then the executive starts the general policy and details the RAPB through from what I told you, starting from the village hall to the district. Now if it is finished in the form of a book brought back to the DPR here then we are discussed at length one by one and usually discussed by the budget body and the budget body involving commissions, because of the details of those who know, this activity can take up to 3 months. and marathon, because in the district budget up to 5.5 trillion, so we have a meeting in detail and accurate in determining its policies. After that, the maximum number of novels immediately sent must be finished to be sent to the governor, and the executive sent.

From the two speakers, they were very understanding of how executives carried out the drafting of the RAPBD, starting from planning meetings, budgeting and controlling but there was a difference in information that the first resource

persons explained that they had used the e-planning system while the second resource person explained that they were still using paper or manually.

Board knowledge about implementing APBD in accordance with policy.

Information from the first resource person regarding suitability regarding policy implementation is that to carry out physical and non-physical regional development activities for a year the budget is still the reference for APBD, the budgetary supply is also APBD except using its funds for CSR can use non-APBD funds whose responsibilities are different with APBD accountability. For the supervision of the APBD it may not be possible to do it all. There are those who fail the auction. In order to supervise the supervision of their policies, not on the technical, only sometimes the board must technically correct something that is not in the rules. Then there is also a quarterly evaluation, by inviting all Dinas-dinas according to the work units of each commission, how much percentage of the budget absorption evaluation has been carried out as well as the percentage of planning. It will be conducted every three months, which is the main area of the DPRD through the supervision of the Regional Budget. Besides that, there are inspections in every regional development sector. While the second speaker gave an answer that the identification could not be done because it violated the rules and policies agreed upon between the executive and the legislature.

Board knowledge when there is a leak in implementation.

According to the first informant, the leakage was relatively relatively rare, because such things were very brave, because what the leak meant by the council was improper implementation, for example the poverty alleviation budget submitted by the executive to the DPR was invalid. There are those who should accept but do not accept, there are those who should not accept because they have been able to, but they are still recorded in integrated data, that is what we consider to be a leak, but accordingly they are entitled to get it because their names are still listed in an integrated database. So the leak for the legislature is the lack of accurate executive planning so that the implementation is not on target.

Whereas according to the source, the second mistake is the use but not the prosecutor's office or law enforcement. According to the legislature it is usually not fraud, because there is a quarterly meeting if there is a discrepancy with the field or not in accordance with what was agreed upon will be stopped together and involved in the BPK. It often happens, and vice versa if it has been agreed but not carried out by the executive later becomes silpa money and this is a political motive.

Board knowledge in identifying failures in implementation.

The first speaker's explanation about identifying the failure of implementation carried out by the legislature was by inviting the public or interested parties and directly related to government programs. As a basis for RAPBD, not all of them were realized. But certainly not only through research, but also board members in each region. with direct interaction with the community through proposals from the community which sometimes feel saturated to make submissions to the government, it is also possible.

Regional Financial Supervision

In the regional financial supervision the speaker first expressed his concern with the regional development in Sidoarjo, the Sidoarjo DPRD was rather embarrassed by Surabaya and Mojokerto (especially the road, Q-red). Although in fact the DPRD has been aggressive, however, the local government in the relevant agencies is sometimes reluctant to spend its budget for fear of being examined and so forth. Lesgislatif has been conveyed to the local government and the Sidoarjo regency has started since 2018 to do road casting in Krian, Krembung and in Porong. However, the budget has not been adjusted. So the DPRD tries to encourage executives to make adjustments so that even though the budget is limited but it must be right in preparing the budget, the target is also right and the implementation is also right.

For less supervision is in the quality factor, where the budget should be able to carry out road construction with good quality, but given inappropriate quality, it is possible there are still people who try to take advantage. In this case the

DPRD has often warned or given warnings that are loud enough so that there is no misuse of the budget or incompatibility.

In budget planning there are sometimes changes, although this change is even rare. Factors that cause changes include an increase in PAD, changes in new targets, changes to new plans that result in financial changes. Like what happened in 2017 where the budget was agreed upon at the plenary meeting and it was stated in the Regional Regulation it turned out that there was a discrepancy, with the APBD conditions already set there was a registration number. Then the DPRD will submit to the central government to review the non-conformities.

Whereas budget changes almost every year exist, but there has also been no change, so the budget is not mandatory. The budget changes occur due to three factors, the first is an increase in income, then there is a change in the target and quantity that must be completed then the addition of a new plan, it can be possible to change the financial budget, but the revised budget occurred in 2017 when the budget was determined what is written in the Regional Regulation is not the same as what was agreed upon at the plenary session, some are either intentionally or not later become a problem, the APBD has been determined, there is a regency number, it is legal to implement but at the stage of budgeting is a violation, if not implemented is an admin violation, but if it has been implemented, criminal corruption (imposing a budget without discussion) is finally carried out in consultation with the Ministry of Home Affairs so there must be a letter of agreement between the DPR and the Regional Government that the agreement will not absorb the budget Note that, it also includes revisions. Then also happened without any discussion in Roman 7, there were 274 billion that we considered without discussion. So you must be careful. If the budget is submitted, it means that it must also be discussed without discussion, which is considered as illegal passengers.

For the budget included without discussion it was agreed not to be used in that period, resulting in a large value of silpa, because between the legislature and the executive together to remind the use of these funds. If the legislature is hard to eat it will be reported, the regional government must also be careful, in the end 84 billion plus 247 are not spent and the following year's silpa is very large, then used for the next period but through discussion so after the government uses the APBD during March, a maximum of one. In the future, the government will be given time to submit an information report on the implementation of the Regional Budget, so that it will be connected with the Bupati's LKPJ on the previous year's APBD. Then it will be discussed for 1 month, recommendations will appear for improvement in the following year. The recommendation can be hard, can be moderate and can be slow, the most important thing is to guard the recommendation is really implemented/improved or not. Often recommendations but no follow-up.

Then every year there are BPK findings, for example in the Krian market there are Government assets that are controlled by the private sector but the reporting does not appear (even though there may be rental fees. That is every BPU's findings. It affects our WTP status or not. In the past two years BPK's findings after obtaining the BPK LHP must be discussed in the DPRD, then recommended again through the Inspectorate, the District Head through the DPR's recommendation that this should be followed up, right? UPD is on average three years retired, usually want to retire khusnul khotimah become a bit afraid to take the policy, because what is desired by retired people is a cool pension, which is an obstacle at the moment. There are also findings that have been done by the village and then entered into regional planning, which is rather dangerous.

The budget revision is not permitted other than on the BAK train, it is permitted only once a year that it must be very emergency or an order from the central government. from and the process

is the same as arranging a budget, if only one item cannot, it is in vain. So that the regent was handed over to us DPRD in a plenary meeting and after that was discussed through the special committee, one month and after that it became a recommendation so there was an indication that the regent was working or not, achieving the target or not, the benefits or not, there was seen but the problem was that the plenary results were included in the diet and the regent no longer read them, that was fine. There is no law - to state what we recommend must be followed up.

CONCLUSION

From the results of extracting information from the informant, it can be concluded that the board members are very understanding of the procedures in planning and budgeting that are carried out from the lowest level of government, namely the village to converge to the district. By using a system called e-planning. In this series of planning and budgeting, interested parties including the community are always involved, so that they will accommodate all the interests of the community. With knowledge of the budget, the board members can supervise and control the implementation of the APBD in each period, starting every quarter and recommendations will be made on the results of the government's performance over the period, which unfortunately has not been followed up by the government.

REFERENCES

- Achmadi, A., Muslim, M., Rusmiyati, S., & Wibisono, S. (2002). *Good Governance dan Penguatan Institusi Daerah*. Masyarakat Transparansi Indonesia, Jakarta.
- Coryanata, I. (2016). Akuntabilitas, partisipasi masyarakat dan transparansi kebijakan publik sebagai pemoderasi hubungan pengetahuan dewan tentang anggaran dan pengawasan keuangan daerah. *Journal of Accounting and Investment*, 12(2), 110-125.
- Ichsan, M., Pratiwi, R. N., & Nugroho, T. (1997). *Administrasi Keuangan Daerah Pengelolaan dan Penyusunan Anggaran Pendapatan dan*

Belanja Daerah (APBD). Malang: PT Danar Wijaya, Brawijaya University Perss.

Miles, M. B., & Huberman, A. M. (1984). *Qualitative data analysis*. Beverly Hills.

Pramono, A. H. (2002). *Pengawasan Legislatif Terhadap Eksekutif Dalam Penyelenggaraan Pemerintah Daerah. Tesis*. Program Pasca Sarjana Ilmu Administrasi Negara Universitas Brawijaya. Malang.

Rubin, I. (1996). Budgeting for accountability: Municipal budgeting for the 1990s. *Public Budgeting & Finance*, 16(2), 112-132.

Winarna, J., & Murni, S. (2007). Pengaruh personal background, political background dan pengetahuan dewan tentang anggaran terhadap peran DPRD dalam pengawasan keuangan daerah (Studi Kasus Di Karesidenan Surakarta dan Daerah Istimewa Yogyakarta Tahun 2006). *Jurnal Bisnis dan Akuntansi*, 9(2), 136-152.