



ANALYSIS OF THE CAUSES OF DELAYS IN THE REALIZATION OF REGIONAL EXPENDITURE BUDGETS

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Abstract. The effectiveness of budget absorption is the primary focus of this study, which examines the factors that delay budget realization in the DPRD Secretariat. Budget realization had only reached 32.99% as of May 31, 2024, with the remaining portion scheduled for the subsequent six months. The research employed qualitative methodologies, including primary data collection and direct interviews. The results indicate that the delay was the result of modifications to the DPRD Work Plan, regulation changes through Presidential Regulation 53 Year 2023 on official travel expenditure standards, and the implementation of Minister of Finance Regulation Number 196/PMK.05/2018 regarding government credit cards. The delayed realization of the budget was significantly influenced by these factors. In order to optimize the utilization of the budget, it is imperative to enhance human resources, modify regulations, and ensure consistency in the DPRD Work Plan.

Keywords: Budget realization, DPRD Work Plan, regulations, budget planning

1 INTRODUCTION

The Regional Revenue and Expenditure Budget (APBD) is an important financial tool for local governments, which is intended to manage expenditures and revenues throughout the fiscal year with the ultimate goal of improving people's welfare.

The APBD funds various projects and activities that are important for regional development. However, in recent years, budget realization has been low, resulting in delayed development, poor public services, and a decline in the quality of life of the community. One of the problems that continues to arise, according to economist Yusuf Rendy Manilet from the Center of Reform on Economics (CORE) Indonesia, is the delay in government spending, both at the national and local levels.

Poor planning procedures are to blame. Efficient planning should include a comprehensive expenditure execution plan that ensures speedy execution, especially at the beginning of the fiscal year. To address and avoid delays in budget realization, planning should also have robust systems for mitigation, monitoring and assessment.

The operations of the Regional House of Representatives (DPRD) are supported by the budget of the DPRD Secretariat, which is an important part of local governance. Adequate funding is required for the DPRD Secretariat to efficiently carry out its responsibilities, duties and authorities. The planning and implementation of the

DPRD Secretariat budget can be affected by a number of things, the most important of which is modifications to the work plan. These modifications can impact on how funds are allocated and utilised, which can lead to delays or modifications in budget execution.

The timely completion of the financial and physical realization of the work plan in one fiscal year is an indication of good budget absorption. Budget absorption should ideally reach 50% by the middle of the year and 100% by the end of the year. The slow rate of budget absorption, resulting in inefficiencies and possible waste, is an ongoing problem. Low expenditure occurs at the beginning of the year and rushes to deplete the budget towards the end of the year [1] This uneven distribution highlights the need for better planning and implementation procedures by hindering the efficient development and delivery of services.

The low realization of the APBD in Indonesia is a serious challenge that must be overcome properly [2]. Some of the challenges faced include limited sources of income, budget planning that is not on target, administrative and governance problems, inaccuracies in reporting, and low community participation. Limited sources of regional revenue, especially when economic conditions are unstable, can have a negative impact on budget realization. In addition, budget planning that is not on target and is not measured can cause budget realization to be suboptimal [3]. Administrative and budget governance problems, such as weak accountability and transparency systems, can also hinder efficient budget distribution [4]. In addition, inaccuracies in budget reporting and supervision can cause budget distribution to not be properly monitored and potentially cause misuse of funds.

Another important factor that can cause delays in budget realization is changes in policies and regulations from the government [5]. When there is a change in laws, government regulations, or technical guidelines that govern the budgeting process and the implementation of activities, the organization must adjust quickly. This often requires additional time and effort, so that budget realization is hampered.

Based on the Regional Revenue and Expenditure Budget Realization Report as of January 1 to May 31, 2024, the West Sulawesi Provincial DPRD secretariat has only reached 32.99% of the ceiling of Rp.105,697,648,791 or realized of Rp.34,871,158,236.00 Budget absorption in the middle of the year should have reached 50% Based on these problems, this study aims to identify factors that affect the slow absorption of the government budget at the Secretariat of the West Sulawesi Provincial Parliament .

The quality of human resources, regulations, budget planning, management commitment are some of the elements that have been found to affect the delay in budget realization [6]. Budget absorption can be increased by having quality human resources. On the other hand, uncertified personnel, untrained personnel, or personnel who have dual responsibilities have a negative impact on the budget absorption process [7].

Regulatory aspects play an important role in the budget absorption process. Budget absorption is strongly influenced by regulations, which are directives with legal authority to carry out tasks [8]. The budget absorption process is influenced by budget planning. Budget absorption is also influenced by management commitment, which are actions taken to assist subordinates in achieving goals. Strong management

commitment has a favourable impact on the procurement of goods and services, which increases budget absorption.

Based on this explanation, there are many factors that can affect the slow absorption of the budget in the Secretariat of the DPRD of West Sulawesi Province. The results of this study are expected to contribute to the government as input and consideration for determining regional policies in an effort to improve budget efficiency and effectiveness.

2 LITERATURE REVIEW

2.1 Public Finance Management

The theory of public financial management highlights how the government manages financial resources to meet public needs. In the context of regional budgets, public financial management involves planning, budgeting, implementation, and evaluation [9]. According to Musgrave, there are three main functions of public financial management, namely resource allocation, distribution, and economic stabilization. The right allocation of regional budgets is one of the main steps in ensuring that the budget can be realized as planned. When there are obstacles in the budgeting process, such as delays in the procurement of goods or changes in regulations, the allocation function can be disrupted, which then causes delays in budget realization [10].

2.2 Regional Financial Management

Regional financial management refers to the process of managing the budget by local governments to achieve development goals in their regions [11]. In this theory, one of the main principles is budget effectiveness, which measures the extent to which a planned budget can be realized. According to this theory, an effective budget is not only about allocating funds, but also ensuring that the funds are absorbed according to predetermined time plans and activities. For example, Wildavsky argues that delays in budget absorption are often caused by local governments' inability to anticipate changes and obstacles on the ground [12].

2.3 Human Resource Capacity (HR)

HR capacity theory is related to the skills, competencies, and knowledge possessed by staff in an organization. HR competence is very important in budget management because employees who do not have adequate skills or knowledge will have difficulty in carrying out procedures and following new regulations [13]. According to this theory, to increase the effectiveness of budget absorption, local governments need to ensure that their employees have appropriate competencies through training and development. High competence allows employees to adjust to changes in policies and regulations that affect budget realization [14].

2.4 Budgeting Effectiveness and Budget Performance

Budgeting effectiveness emphasizes how the budget can support regional development goals. In this concept, budget performance is measured based on the realization of the budget against the set target [15]. A budget that is not well realized indicates that there are obstacles in budget absorption, which can be in the form of planning that does not meet the needs or inefficient policy implementation. According to this theory, budget effectiveness is achieved when funds are used according to the plan and have a direct impact on development goals [16].

3 RESEARCH METHODOLOGY

Qualitative research methods are used in this investigation. Findings from qualitative research are produced that are impossible to obtain using statistical processes or other quantitative techniques [17] More precisely, this study uses a case study methodology to look at variables that can cause delays in the realization of the 2024 budget at the Secretariat of the West Sulawesi Provincial DPRD.

4 RESULTS AND DISCUSSION

The Secretariat of the West Sulawesi Provincial DPRD is in charge of organizing secretarial and financial administration, assisting the provincial DPRD in carrying out its obligations, as well as providing and regulating the experts needed by the DPRD to carry out its rights and authorities.

Based on the one-year budget plan reviewed in the Deliberative Body meeting, the DPRD Secretariat prepares program and activity plans. One of the resources in supporting the performance of the DPRD in the implementation of duties and the DPRD is the availability of sufficient budget to carry out the work plan based on the plan that has been prepared. The amount of the budget ceiling of the DPRD secretariat in 2024

Table 1. The Ceiling of the DPRD Secretariat Based on Regional Regulation No. 4 of 2023 concerning the Regional Expenditure Revenue Budget for the 2024 Fiscal Year.

Description	2024 Budget
Regional Expenditure	106, 988, 229, 141.00
Operational Expenses	105, 977, 975, 869.00
Capital Expenditure	1,010,253,272.00

Government policies make shifts for several fundamental things, causing changes in several programs and activities, resulting in rationalization or refocusing of the budget. The amount of budget rationalized in the DPRD secretariat is Rp.1,290,580,350, from 4 times the shift process, so that there is a change in the ceiling as in table 2 below.

Table 2. Budget Ceiling After Shift

Description	2024 Budget
Regional Expenditure	105,697,648,791.00
Operational Expenses	104,687,395,519.00
Capital Expenditure	1,010,253,272.00

The progress of the implementation of programs and activities at the DPRD secretariat is illustrated in the Budget Realization Report for the 1st Quarter to enter the 2nd quarter (1 January – 31 May 2024), as follows:

Table 3. Budget Realization Report of the DPRD Secretariat for the 2024 Fiscal Year (1 January to 31 May 2024)

Description	2024 Budget	2024 Realization	Percentage
Regional Expenditure	105,697,648,791.00	34,871,158,236.00	32.99%
Operational Expenses	104,687,395,519.00	34,763,958,236.00	33.21%
Employee Expenditure	31,587,648,791.00	12,176,766,382.00	40.26%
Goods and Services Expenditure	73,099,746,728.00	22,047,191,854.00	30.16%
Capital Expenditure	1,010,253,272.00	107,200,000.00	10.61%

Budget realization (January 1 - May 31, 2024) is 32.99% or Rp.34,871,158,236.00. By the middle of the year, the realization of budget absorption should have reached 50%. The highest percentage achievement is in employee expenditure of 40.26% progress on the track with cash flow, while expenditure on goods and services is still 30.16% and the lowest is capital expenditure of 10.61%

4.1 Analysis of the Effect of Realization on Changes in Regulations

Regulation is an Official Regulation created to control something. In general, regulations help control a group, institution or organization to achieve a certain goal (<https://www.pendidik.co.id/regulasi/>).

The implementation of Presidential Regulation 53 of 2023, which regulates amendments to Presidential Regulation Number 33 of 2020 concerning Regional Unit Price Standards (SHSR), changes the payment pattern for official trips of the Chairman and members of the DPRD from real cost to lumpsum.

In terms of accountability management, the payment of official travel expenses for the lumpsum system only uses receipts paid before the activity is carried out, while the SPJ evidence as material for reporting the expenditure treasurer is submitted after

the activity is carried out. From the implementation of the system, several problems can arise such as:

1. Evidence of SPJ that tends to be slow to be submitted considering that the activity funds which are the right to implement the activity have been received at the beginning,
2. The reporting of the expenditure treasurer is often hampered due to the late submission of SPJ evidence.
3. In terms of cash flow management, problems can arise such as UP/GU funds which are funds prepared to finance activities that have been prepared every month in accordance with the use plan, withdrawals can be hampered and no longer in accordance with what has been arranged due to the late submission of reports/SPJ activities, other activities that have been arranged according to the activity schedule and cash budget arrangements, late implementation considering that the provision of funds was prepared late due to the late submission of SPJ or less than it should.

Another regulation that affects the realization of the budget is the Regulation of the Minister of Finance Number 196/PMK.05/2018 concerning Procedures for Payment and Use of Government Credit Cards (KKP). This regulation regulates the amount of the government credit card ceiling of 40% (forty percent) of the amount of Supply Money (UP).

The DPRD Secretariat with an UP amount of Rp.6,790,000,000.00 so that the amount of 40% for credit cards is Rp.2,716,000,000. The problem is that the Government credit card regulation (KKP) has not been clearly regulated, so its use has not been implemented. Regional Banks in the West Sulawesi region (Bank Sulselbar) are not ready for implementation because it is not clear in terms of regulations, as a result the amount of UP that can be used is only Rp.4,074,000,000, this greatly affects the realization with a considerable number of programs and activities

4.2 Analysis of the impact of realization due to changes in the DPRD work plan schedule

The DPRD's work plan often changes during its tenure. These changes can be caused by various factors, such as adjustments to the conditions and developments faced in the current year's planning, such as developments that are not in accordance with the assumptions of Regional Development Priorities, regional economic and regional financial frameworks, program and activity plans in the Government Work Plan, changes in political priorities, or adjustments to changing situations and conditions. Changes to the DPRD work plan can have a significant impact on the realization of the DPRD Secretariat's budget

Changes in the schedule and agenda of the DPRD can affect the budget absorption of the DPRD Secretariat, including changes in meeting schedules, work visits, or other activities will affect the planning and realization of the budget at the DPRD Secretariat

Coordination challenges between the DPRD and the DPRD Secretariat can also be a factor that affects the realization of the budget. Changes in the DPRD work plan that are not followed by adjustments to the work plan of the DPRD Secretariat can cause a discrepancy between the allocated budget and the actual needs.

When the work plan changes, such as the cancellation or addition of activities, the budget allocation must also be adjusted. This can lead to delays in the disbursement process, shifting the budget to other budget items, or even canceling the planned procurement of goods and services. This situation can hinder the implementation of the duties and functions of the DPRD secretariat, thus affecting the level of budget realization that has been set.

In addition, changes to work plans can also pose complex administrative challenges. The preparation of accountability reports, monitoring, and budget evaluation becomes more complicated because it must adjust to the changes that occur. This can slow down the reporting process and have an impact on the performance assessment of the DPRD secretariat at the end of the year. And based on the results of the Deliberative Body meeting, the preparation of the DPRD Work Plan from January to May 2024 has been carried out 6 (six) changes.

4.3 Analysis of the Influence of Realization on Human Resources

One of the factors that often hinders budget realization is the lack of competence of human resources involved in the budgeting process and program implementation. Lack of understanding and skills of employees who are responsible for finance, procurement of goods/services, project management, and others can cause the process to be ineffective and efficient.

The work pattern and quality of the apparatus or ASN as an administrative service function is quite influential due to suboptimal performance, especially administrative facilitation which causes delays in the completeness of SPJ which affects the GU process, and obstacles caused by the repeated fertilization process due to errors in SPJ accountability.

5 CONCLUSION

Changes to the DPRD's work plan have a substantial impact on the budget realization of the DPRD Secretariat, which is one of the factors contributing to the delayed realisation. The absorption of the scheduled budget is directly influenced by changes to the work plan, such as the addition or subtraction of activities and changes to the schedule. This suggests the necessity of effective coordination between the DPRD Secretariat and DPRD members in the preparation and determination of work plans to optimize budget realization.

The implementation of Minister of Finance Regulation Number 196/PMK.05/2018 concerning Procedures for Payment and Use of Government Credit Cards (KKP) and the regulatory changes to the implementation of Presidential Regulation 53 of 2023 concerning Regional Unit Price Standards (SHST) have a substantial impact on the realization of the budget. These changes have substantially altered the pattern and mechanism of official travel expenditure in the form of lumpsum. This suggests that

in order to optimize budget absorption in the DPRD Secretariat, the DPRD work plan must be consistent, human resources must be enhanced, and regulations must be adjusted to ensure that the cash budget flow is in accordance with the work plan.

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