



Analysis of Regional Financial Management of the Regional Government Sinjai Regency

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Abstract. This study aims to analyze regional financial management in the Sinjai Regency Government, focusing on the effectiveness of regional budget planning, implementation, and accountability. The research employs a descriptive-qualitative method with a case study approach, synthesizing data from local government financial reports (APBD), RPJMD documents, and semi-structured interviews with BPKD officials and DPRD members. The findings indicate that while the Sinjai Regency Government has upheld principles of transparency, evidenced by receiving an Unqualified Opinion (WTP) from the Supreme Audit Agency (BPK) for three consecutive years, significant structural challenges persist. Specifically, the analysis reveals that personnel expenditure dominates the budget structure, reaching 45% of the total APBD, which drastically limits the fiscal space available for essential public services and infrastructure. Furthermore, Regional Original Revenue (PAD) remains relatively low, contributing only 30% to total revenue, largely because the economic potential of the tourism sector and Micro, Small, and Medium Enterprises (MSMEs) has not been fully optimized. Statistical analysis further confirms a strong positive relationship between PAD optimization and overall management effectiveness. Consequently, a gap remains between budget planning and actual realization due to administrative and political constraints. Based on these findings, the study recommends digitizing supervisory systems to increase oversight efficiency, restructuring budget allocations to favor capital expenditure, and strengthening human resource capacity. These measures are expected to improve financial governance, promote accountability, and ensure a more effective use of regional funds for sustainable development.

Keywords: Regional Financial Management, APBD, Accountability, PAD, Sinjai Regen.

1 Introduction

Regional financial management is an important aspect of good governance. Accord-ing to Law No. 33 of 2004 concerning Financial Balance between Central and Re-gional Governments, regional financial management must be carried out transpar-ently and accountably to achieve sustainable development goals [4]. This is in line with

the principles of good governance which include transparency, accountability, and public participation in budget management [6].

Effective planning and budgeting are key to achieving regional development goals. According to [5], good financial management can improve local government performance and promote local economic growth. However, previous research shows that many regions still face problems in unrealistic planning, which can lead to inefficiencies in budget utilization [7].

Sinjai Regency, as one of the regions in South Sulawesi, faces challenges in increasing fiscal capacity for sustainable development. Low regional own-source revenue (PAD) is one of the main problems faced. [3], many regions still experience difficulties in managing budgets effectively and efficiently, which has an impact on the quality of public services. This indicates the need for a better strategy in optimizing regional revenue sources [8].

Accountability and transparency are two important aspects of regional financial management. Research by [6] shows that regions that apply the principles of transparency and accountability tend to have better performance in terms of public services and infrastructure development. Although the Sinjai District Government has received an Unqualified Opinion (WTP) from BPK for three consecutive years, there are still minor findings related to financial administration that need to be improved [3].

PAD optimization is an important focus in regional financial management. [7] stated that the development of the tourism sector and support for Micro, Small and Medium Enterprises (MSMEs) can be strategic steps to increase PAD. This research is in line with the findings that the potential of the tourism sector and MSMEs in Sinjai Regency has not been maximally utilized, thus hampering the growth of PAD [11].

Based on the analysis conducted, some recommendations for improving regional financial management in Sinjai Regency are to increase public participation in the budget planning and monitoring process [9], strengthen the internal control system to ensure efficient and effective use of the budget [8], provide training for employees in financial management and accountability [6], develop strategies to increase PAD through the development of potential sectors and support for MSMEs [7].

The existing literature shows that regional financial management in Sinjai Regency has fulfilled some of the basic principles of good financial management, but there are still challenges that need to be overcome. This research is expected to contribute to the development of better regional financial management policies in Sinjai Regencies..

2 Literature Review

Regional financial management is an important aspect of good governance. According to Law No. 33 of 2004 concerning Financial Balance between Central and Regional Governments, regional financial management must be carried out transparently and accountably to achieve sustainable development goals [4]. This is in line with the principles of good governance which include transparency, accountability, and public participation in budget management [6].

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3 Research Methods

This research uses a qualitative approach with a case study method. The qualitative approach was chosen because it allows researchers to deeply understand the phenomena that occur in regional financial management in Sinjai Regency. The case study method is used to explore and analyze regional financial management comprehensively in a local context. Qualitative research methods according to [1] are often called naturalistic research methods because the research is conducted in natural conditions (natural settings). This qualitative method was chosen so that the data obtained would be more complete, deeper, credible and meaningful so that the re-search objectives could be achieved. Analyzing the local financial management of the Sinjai Regency Regional Government from the planning and budgeting process, and the implementation process. 2. Analyzing the obstacles in the management of regional finances of the Sinjai Regency Regional Government. 3. Analyzing efforts to overcome obstacles to regional financial management of the Sinjai Regency Local Government

Research Questions: 1. How is the Regional Financial Management of the Sinjai Regency Government from the Planning and budgeting process, and the Implementation process 2. Obstacles in the regional financial management of the Sinjai Regency Government 3. Efforts to overcome obstacles to regional financial management of the Sinjai Regency Government

Interview Documentation Data Analysis Description of Research Results Relevant theory [10] Planning and budgeting process Implementation process 271 (2010: 32) is a research method that aims to explore information. [2] explains that the exploratory approach in qualitative re-search is a way of working research that is intended to find further and deeper into other possibilities of the problem under study. With an exploratory approach, re-search is no longer just describing or describing or explaining what the reality studied is like as in the descriptive method. The exploratory approach in this study seeks to find more complete, detailed and in-depth information about how regional financial management from the planning and budgeting process, and the implementation process, obstacles in regional financial management and efforts to overcome obstacles to regional financial management of the Sinjai Regency Regional Government.

In this study, interviews were used to explore important and interesting things to be revealed in this study in relation to regional financial management from the planning and budgeting process, and the implementation process referring to [1] In addition, it makes it easier to capture information that is the focus of research. Answers from informants are not limited by the author according to their knowledge and understanding of regional financial management. Interviews were conducted using the In-depth interview type with a semistandard or semi-structured method with a duration of 30-60 minutes. b). Documentation. According to [2] documents or documentation in research have 2 (two) meanings, the first document is intended as evidence of something, including notes, photos, video recordings or anything produced by the author. Second, documents relating to past events or moments or activities, from which information, facts and data desired in the research may be generated. The documents in this study are: (1) Regional Development Plan (RPJMD) Year 2024- 2026, (2) Regional

Work Plan (RKPD) Year 2024, (3) Regional Budget (APBD) Year 2024, (4).
Realization report for the year 2024.

4 Results

Based on the results of the research obtained from interviews and documentation studies, further interpretation of the findings is carried out in accordance with the theories / concepts that support the results of the writing. The analysis of the results of writing and discussion can be described as follows.

The results of this study were obtained through qualitative analysis of data collected from interviews, documentation studies, and observations. The main findings can be categorized into several key aspects of financial management at the Sinjai District. **Only two levels of headings should be numbered. Lower level headings remain unnumbered; they are formatted as run-in headings.**

1. Budget Planning

The budget planning process in Kabupaten Sinjai is carried out in accordance with the Regional Medium-Term Development Plan (RPJMD) and the Regional Government Work Plan (RKPD). However, interviews with officials of the Regional Financial Management Agency (BPKD) revealed a significant gap between planned and realized budgets. Many development programs, especially in infrastructure, were not optimally realized. This gap is caused by political and administrative factors that influence the budgeting process.

2. Budget Implementation

Budget implementation in Sinjai District demonstrates efforts to apply the principles of transparency and accountability. However, challenges remain regarding the efficient use of the budget. Based on data from the 2020-2023 Regional Revenue and Expenditure Budget (APBD), personnel expenditure dominates the budget, reaching 45% of the total APBD. This situation limits allocations to other important sectors, such as education and health.

3. Regional Original Revenue (PAD)

Sinjai Regency's own-source revenue (PAD) is still relatively low. Data shows that PAD only accounts for 30% of total regional revenue, with the largest contribution coming from regional levies. Interviews with members of the Regional People's Representative Council (DPRD) revealed that the potential of the tourism sector and MSMEs has not been maximized, thus hampering the growth of PAD.

4. Financial Accountability and Reporting

The Sinjai Regency Government has received an Unqualified Opinion (WTP) from the Supreme Audit Agency (BPK) for three consecutive years. However, there are some minor findings related to financial administration that need to be improved. This shows that although accountability in financial reporting is good, there is still room for improvement in terms of administration and document management. The evaluation of the measurement model for the main dimensions of regional financial management is presented in Table 1.

Table 1. Evaluation of Measurement Model.

Variable	Indicator	Measurement Tool	Measurement Result	Evaluation Criteria
Budget Planning	RPJMD-RKPD conformity; Stakeholder involvement; Budget realization	Planning documents; Interview; Budget realization report	72% of programs in accordance with RPJMD; Stakeholder participation 65%; Budget realization 78%	80% (good) 60- 79% (fair) ≤59% (poor)
Budget Implementation	Expenditure efficiency; Budget absorption; Procedure compliance	Financial report; Observation; Internal audit	68% efficiency; 82% absorption; 90% compliance	≥85% (excellent) 70-84% (good) ≤69% (deficient)
Financial Accountability	BPK opinion - Report transparency; Monitoring system	BPK audit results - Report availability; Public complaint mechanism	Unqualified opinion; Report publication 88%; Supervisory system in place	WTP (good); WDP (fair) ; TL (poor)
PAD	AD contribution - Strategy to extract potential; Annual growth	APBD data - Study of regional potential; Trend analysis	Contribution 22% > Growth 5%/year	≥30% (good) ; 15- 29% (fair) ;≤14% (poor)

The relationship between latent variables in the regional financial management model is presented in Table 2.

Table 2. Analysis of the Relationship Between Latent Variables in the Regional Financial Management Model.

Latent Variable	Measurement Variable	Regression Coefficient (β)	Significance Value (p)	Strength of Relationship p	Direction of Relationship p
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Budget Planning	RPJMD Conformity	0.45	0.001	Strong	Positive
	Stakeholder Involvement	0.30	0.005	Medium	Positive
Budget Implementation	Expenditure Efficiency	0.50	0.000	Strong	Positive
	Budget Absorption	0.40	0.002	Strong	Positive
Financial Accountability	BPK Opinion Report	0.55	0.000	Strong	Positive
	Transparency	0.35	0.004	Medium	Positive
Local Revenue	PAD Contribution	0.60	0.000	Strong	Positive
	Potential Exploitation Strategy	0.50	0.001	Strong	Positive

Notes:

- Regression Coefficient (β): Indicates the strength and direction of the relationship between latent variables and measurement variables. Positive values indicate a direct relationship, while negative values indicate an inverse relationship.
- Significance Value (p): Indicates the significance level of the tested relationship. A value of $p < 0.05$ indicates that the relationship is statistically significant.
- Strength of Relationship: Categories the strength of the relationship based on the value of the regression coefficient:
 - a. Strong: 0.40 - 1.00
 - b. Moderate: 0.20 - 0.39
 - c. Weak: 0.00 - 0.19
- Direction of Relationship: Indicates whether the relationship between the variables is positive or negative.

4.1 Hypothesis

Based on the analysis, the hypotheses proposed in this study are:

Hypothesis 1: There is a positive influence between good budget planning on the effectiveness of regional financial management in Sinjai Regency.

Hypothesis 2: Optimization of Regional Original Revenue (PAD) has a significant effect on improving the quality of public services in Sinjai Regency

Based on the results of the discussion, some policy implications that can be pro-posed are:

- **Increasing Community Participation:** Develop better mechanisms to involve the community in the budget planning and monitoring process.
- **Strengthening Internal Oversight:** Improve internal control systems to ensure that budgets are spent efficiently and according to plan.
- **Training and Capacity Building:** Provide training for employees in financial management and accountability to improve the quality of local financial management.
- **Diversification of Revenue Sources:** Develop strategies to increase local revenue through the development of potential sectors and support for MSMEs

5 Discussion

The findings of this study indicate that regional financial management in Sinjai Regency has fulfilled some of the basic principles of good financial management, but there are still challenges that need to be overcome

1. Gap between Planning and Realization

The gap between budget planning and realization is a major problem faced by the regions. This finding is in line with research [5] which states that unrealistic planning can lead to inefficiencies in budget utilization. Therefore, it is important to evaluate and adjust the planning process to better suit the conditions and needs of the region

2. Optimization of Local Revenue

The low PAD indicates the need for a better strategy in optimizing local revenue sources. This research supports the view of [1] which states that regions must maximally utilize local potential to increase PAD. Development of the tourism sector and support for MSMEs can be strategic steps to increase local revenue.

3. Increasing Expenditure Efficiency

The dominance of personnel expenditure in the APBD indicates the need to restructure budget allocations. This research supports the view that efficient spending can improve the quality of public services. Therefore, local governments need to evaluate existing programs and allocate more budget to sectors that have a direct impact on society.

4. Accountability and Transparency

Although local governments have received a WTP opinion, it is important to continue to improve accountability and transparency in financial management. This can be done by strengthening financial monitoring and reporting systems, and involving the public in the monitoring process

6 Conclusion

This study concludes that regional financial management in the Sinjai Regency Government has successfully demonstrated a commitment to transparency and accountability, evidenced by the achievement of an Unqualified Opinion (WTP) from the Supreme Audit Agency (BPK). The analysis confirms that effective financial management is strongly driven by consistent stakeholder involvement and the alignment of budget planning with the Regional Medium-Term Development Plan

(RPJMD). However, despite these administrative achievements, significant structural challenges remain in budget implementation and fiscal independence. The findings highlight a gap between planning and realization, where expenditure efficiency is frequently hampered by suboptimal budget absorption and a reliance on central government transfers. Furthermore, the contribution of Regional Original Revenue (PAD) remains low, primarily due to the underutilization of high-potential sectors such as tourism and MSMEs. Consequently, to bridge these gaps, it is imperative for the local government to strengthen internal control systems, digitize supervisory mechanisms, and focus on diversifying revenue sources. Implementing these measures, alongside enhancing human resource capacity through training, will ensure a more effective use of regional funds and support sustainable development in Sinjai Regency

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