

**BUDGET ANALYSIS AS A PLANNING TOOL AND REGIONAL DEVELOPMENT  
CONTROL IN NIAS DISTRICT**  
(Study on Medium-Term Development Plans Nias Regency Region 2019-2022)

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**Abstract:** The era of globalization supports increased development in all fields, both national development and regional development. Especially in this era, regional freedom in formulating and establishing policies for government administration, development, and services to the community that are more open to the implementation of regional autonomy. So that regions can also prepare development plans that are tailored to regional needs and the aspirations of local communities so that planned development can be right on target for community welfare and budget efficiency. In connection with the above, the Regional Medium Term Development Plan (RPJMD) for Nias Regency for 2019-2022 is an elaboration of the vision, mission, and program of the Regional Head whose preparation is guided by the Long Term Regional Development Plan (RPJPD) for Nias Regency for 2005 - 2025 with continues to pay attention to the National Medium Term Development Plan (RPJMN) which contains the direction of regional financial policies, regional development strategies, general policies, and programs of Regional Work Units, across Regional Work Units, and regional programs accompanied by work plans within the regulatory framework and indicative funding framework. So, in conducting this research, the author aims to analyze the function and role of the budget in planning and controlling regional development during the 2019-2022 period. Apart from that, it is also to analyze the regional development financing process in Nias Regency during the 2019-2022 period. As well as to analyze the 2019-2022 Nias Regency Regional Medium Term Development Plan (RPJMD) in providing direction for sustainable regional development. Results of this research

**Keywords:** Nias, Autonomy, Budget, Financing, RPJMD.

## INTRODUCTION

The era of globalization supports increased development in all fields, both national and regional development. Moreover, in this era, regional freedom in formulating and determining policies for government administration, development, and services to the community is more open with the implementation of regional autonomy. So that regions can also prepare development plans that are tailored to regional needs and the aspirations of local communities so that planned development can be right on target for community welfare and budget efficiency.

Efforts to spur regional economic growth are one of the goals of regional development. Meanwhile, economic growth is used as a parameter for the success of development. To be able to determine the level of regional economic growth, Gross Regional Domestic Income (GRDP) is required. Gross Regional Domestic Income can show the level of economic growth, level of prosperity, level of inflation and deflation, economic structure, and the potential of a region. Success in implementing regional development can be seen when every year GRDP experiences an increase from previous years.

Like the GDP of Nias Regency in the 2019-2022 period, it increased by 3.81% per year, which in 2019 amounted to Rp. 3,132,973,000,000, while in 2020 it was IDR. 3,252,339,270,000. In carrying out regional development, of course, it will not be separated from the availability of funds allocated for financing. Financing for the implementation of regional development is contained in the development budget which is divided into the development budget included in the Regional Revenue and Expenditure Budget (APBD) and the development

budget managed by regional vertical agencies.

In general, regional development budgets come from development assistance provided by the central government, consisting of general assistance and special assistance. According to Marwan Asri, et al. 2008, states that a budget or complete business budget is one form of various plans that may be prepared, although not every plan can be called a budget. Meanwhile, Nafarin, 2007, defines a budget as a periodic financial plan prepared based on a program that has been approved and a budget is a written plan regarding the activities of an organization expressed quantitatively (numbers) and generally expressed in units of money for a certain period. Apart from that, Mulyadi, 2008, states that a budget is a work plan expressed quantitatively, which is measured in standard monetary units and other units of measurement covering one year.

Meanwhile, according to Suhadak and Trilaksono Nugroho, 2007, one of the functions of the budget is to assist government management in making decisions as a tool for evaluating the performance of work units under it. Budget preparation is one of the annual plans as an actualization of the implementation of long and medium-term plans. Regional planning and budgeting are the most crucial processes in administering government because they are related to the goals of the government itself. Planning and budgeting are integrated processes, so the output of planning is budgeting.

The legitimate allocation of PAD funds, balancing funds, regional loans, and other things into the development budget should be based on careful study and consideration, to create budget efficiency. The studies and considerations referred to include the development process through the stages of planning, implementation, and control. Planning has a strategic position because the resulting plan will become a reference for the implementation and control stages.

Based on the growth performance and average regional income contribution from 2019 to 2022, the development of the realization of Regional Original Income (PAD) experienced an average growth of 28.78% per year. Regional development planning is carried out in stages, starting from the short-term (annual), medium-term (5 years), and long-term (20 years). Furthermore, the regional planning document for 5 years is called the Regional Medium Term Development Plan (RJMD).

Currently, the RJMD for Nias Regency for 2019-2022 is an elaboration of the vision, mission, and program of the Regional Head, the preparation of which is guided by the Long-Term Regional Development Plan (RPJPD) for Nias Regency for 2005 - 2025 while still paying attention to the National Medium Term Development Plan (RPJMN). which contains the direction of regional financial policies, regional development strategies, general policies, and programs of Regional Work Units, across Regional Work Units, and regional programs accompanied by work plans within the regulatory framework and funding framework that are indicative.

The Nias Regency RPJMD in the process of preparing it goes through the following stages:

1. Prepare an initial draft of a development plan that is technocratic, comprehensive, and measurable.
2. Prepare a draft work plan based on the draft development plan that has been prepared.
3. Development planning deliberations involving the community and other stakeholders in harmonizing development plans produced by each level of government.
4. Prepare the final draft development plan.

The hope of preparing the Nias Regency RPJMD is that better coordination, integration, synchronization, and synergy can be achieved between development actors, between spaces, between times, between government functions, and between the Regency and the Province and the Center, and it is hoped that linkages and consistency will also be built. between planning, budgeting, implementation, and supervision. Apart from that, it is hoped that it will be able to optimize community participation and ensure that resources are controlled efficiently, effectively, fairly, and sustainably.

Paying attention to the explanation above, the author considers it necessary to analyze the realization of coordination, integration, synchronization, and synergy between development actors, between spaces, between times, between government functions, and between the Regency and the Province and the Center in Nias

Regency. And, how to build linkages and consistency between planning, budgeting, implementation, and supervision, to optimize community participation and ensure control of resources efficiently, effectively, fairly, and sustainably.

## FORMULATION OF THE PROBLEM

From the background above and by looking at the real situation regarding significant development developments in various fields in Nias Regency, the author identifies the following problems:

1. What is the function and role of the budget as a tool for planning and controlling regional development in Nias Regency during the 2019-2022 period?
2. How is regional development financing in Nias Regency during the 2019-2022 period?
3. How does the 2019-2022 Nias Regency Regional Medium Term Development Plan (RPJMD) provide direction for sustainable regional development?

## RESEARCH PURPOSES

Meanwhile, the aims of this research are:

1. To analyze the function and role of the budget in planning and controlling regional development during the 2019-2022 period.
2. To analyze the regional development financing process in Nias Regency during the 2019-2022 period.
3. To analyze the 2019-2022 Nias Regency Regional Medium Term Development Plan (RPJMD) in providing direction for sustainable regional development.

## BENEFITS OF RESEARCH

This research is expected to provide benefits for:

1. Writer  
Increase knowledge and insight into the function and role of the budget as a tool for planning and controlling regional development.
2. Local government  
As, input for local governments regarding the budget, especially in the Nias Regency Regional Medium Term Development Plan (RPJMD) during the 2019-2022 period so that better budget efficiency can be realized in optimizing regional development.
3. Other parties  
Providing information to all parties who need information about the function and role of the budget as a tool for planning and controlling regional development.

## LITERATURE REVIEW THEORY

### A. Budget

#### 1. Understanding Budget

According to Marwan Asri, et al. 2008, states that a budget or complete business budget is one form of various plans that may be prepared, although not every plan can be called a budget. Meanwhile, Nafarin, 2007, defines a budget as a periodic financial plan prepared based on a program that has been approved and a budget is a written plan regarding the activities of an organization expressed quantitatively (numbers) and generally expressed in units of money for a certain period. Apart from that, Mulyadi, 2008, states that a budget is a work plan expressed quantitatively, which is measured in standard monetary units and other units of measurement covering one year.

## 2. Basics and Functions of the Budget

Regional governments are given the authority to regulate and manage government affairs themselves according to economic principles and assisted tasks Law Number 32 of 2004 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Government. Meanwhile, Mardiasmo, 2009 explains that the function of the budget in the public sector is as follows:

### a. Budget as a planning tool (Planning Tool)

Public sector budgets are created to plan actions. With a budget, the organization knows what must be done, what the government will do, how much it will cost, and what results will be obtained from government spending. The budget provides a detailed plan for government revenues and expenditures so that spending can be accounted for by the public. Without a budget, the government cannot control wasteful spending. It is not even an exaggeration to say that presidents, ministers, governors, regents, and other public managers can be controlled through the budget. Other public sector budgets can be used to control (limit the power of) the executive.

### b. Budget as a control tool (Control Tool)

Public sector budgets ensure that the government has enough money to meet its obligations. In addition, the budget is used to provide information and convince the legislature that the government is working efficiently, without corruption and waste.

### c. Budget as a Fiscal Policy Tool (Fiscal Tool)

Through the budget, the direction of government fiscal policy and community economic activities can be known, so that economic growth can be accelerated. So it can be used to encourage, facilitate, and coordinate the budget as a government fiscal policy tool used to stabilize the economy and encourage economic growth.

### d. Budget as a Political Tool (Political Tool)

The budget is a political document as a form of executive commitment and legislative agreement on the use of public funds for certain purposes. Budget is not just a technical problem but more of a political tool. Therefore, making a public budget requires political skills, coalition building, negotiation skills, and an understanding of the principles of public financial management by public managers. Public managers must be fully aware that failure to implement the approved budget can bring down their leadership, or at least undermine the government's credibility.

### e. Budget as a Coordination and Communication Tool (Coordination and Communication)

A well-prepared public budget will be able to detect inconsistencies in a work unit within the executive environment. The budget must be communicated to all parts of the organization to be implemented.

### f. Budget as a Performance Assessment Tool (Performance Measurement Tool)

Budget is a measure that can be used as a benchmark for whether a section/work unit has met targets, both in terms of carrying out activities and achieving cost efficiency.

### g. Budget as a Motivation Tool (Motivation Tool)

to motivate employees, the budget should be challenging but attainable or demanding but achievable. This means that the target should not be too low so that it is too easy to achieve.

### h. Budget as a Tool for Creating Public Space (Public Sphere)

The public budget must not be ignored by the cabinet, bureaucracy, and DPRD/DPRD; the community, NGOs, universities and various community organizations must be involved in the budgeting process.

## 3. Budget Classification and Models

According to Nafarin, 2007, states that budgets can be grouped from the following points of view:

### a. According to the basis of preparation, the budget consists of:

1. A variable budget is a budget that is prepared based on certain capacity (activity) intervals (ranges) and in essence, is a series of budgets that can be adjusted to different levels of activity (activities). A variable budget is also called a flexible budget.
2. A fixed budget is a budget that is prepared based on a certain level of capacity. A fixed budget is also called a static budget.

### b. According to the method of preparation, the budget consists of:

1. A periodic budget is a budget created for a maximum period of up to one year. In general, the period is one year, which is prepared at the end of each budget period.
  2. A continuous budget is a budget created to make improvements to the budget that has been created.
- c. According to the period, the budget consists of:
1. A short-term budget is a budget made with a maximum period of up to one year. Short-term budgets are also called tactical budgets.
  2. A long-term budget is a budget that is made for, more than one year. A long-term budget is needed as a basis for preparing a short-term budget. Long-term budgets are also called strategic budgets.
- d. According to the field, the budget consists of the operational budget and the financial budget. These two budgets, when combined, are called the "master budget". A master budget that consolidates the company's overall plans for the short term is usually prepared on an annual basis. The annual budget is further broken down into quarterly budgets and quarterly budgets are further broken down into monthly budgets.
1. The operational budget is a budget for preparing a profit and loss budget. The operational budget consists of, among other things: sales budget, factory cost budget, raw material cost budget, direct labor cost budget, factory overhead cost budget, and operating expenses budget.
  2. A financial budget is a budget for preparing a balance sheet budget. The financial budget consists of, a cash budget, accounts receivable budget, inventory budget, debt budget, and balance sheet budget.
- e. According to the ability to prepare, the budget consists of:
1. A comprehensive budget is a series of various budgets that are prepared in full. A comprehensive budget is a combination of operational budgets and financial budgets that are prepared in full.
  2. A partial budget is a budget that is not prepared completely, a budget that only prepares certain parts of the budget. For example, due to limited capabilities, only an operational budget can be prepared.
- f. According to its function, the budget consists of:
1. A specific budget (appropriation budget) is a budget that is intended for certain purposes and cannot be used for other benefits.
  2. A performance budget is a budget prepared based on the function of activities carried out in the organization.
- g. According to the method of determining the cost of products, the budget consists of:
1. A traditional budget or conventional budget consists of:
  2. A functional budget is a budget created using the full costing method and functions to prepare a master budget or fixed budget.
  3. A characteristic budget is a budget created using the variable costing method and functions to prepare a variable budget.
  4. An activity-based budget is a budget created using the activity-based costing method and functions to prepare variable budgets and master budgets.

#### 4. Structure Regional Budget

Based on the provisions of Law Number 17 of 2003 concerning Finance State, the APBD structure is a single unit consisting of:

- a. Regional Income
- Regional income includes all money received through the Regional General Cash Account, which adds to the equity of current funds, which are regional rights in one budget year that do not need to be paid back by the region. Regional income consists of:
1. Regional Original Income (PAD), consisting of:
    - a. Local tax;
    - b. Regional levies;



- c. Results of separate regional wealth management; And
- d. Other valid PADs, consisting of:
  - 1) Proceeds from the sale of regional assets that are not separated;
  - 2) Results of utilization or utilization of regional assets that are not separated;
  - 3) Current account service;
  - 4) Interest income;
  - 5) Claims for compensation
  - 6) Profit from the difference in the rupiah exchange rate against foreign currencies; And
  - 7) Commissions, discounts, or other forms as a result of the sale and/or procurement of goods and/or services by the region.

2. Balancing Fund, consisting of:

- a. Profit-sharing funds;
- b. General Allocation Fund (DAU); And
- c. Special Allocation Fund (DAK)
- d. Other legitimate regional income, including grants, emergency funds, and other income determined by the government. Grants that, are part of other legitimate regional income are assistance in the form of money, goods, and/or services originating from the government, community, and domestic or foreign business entities that are not binding.

b. Regional Shopping

Regional expenditure includes all expenditures from the Regional General Cash Account which reduces, current fund equity, which is a regional obligation in one budget year for which the region will not receive repayment.

Regional expenditure is used in the context of implementing government affairs that, fall under the authority of the province or district/city, which consists of mandatory affairs and optional affairs which are determined by statutory provisions. Mandatory affairs are very basic affairs relating to basic rights and services to the community that must be carried out by local governments. Meanwhile, optional affairs are government affairs that, exist and have the potential to improve community welfare according to the conditions, characteristics, and potential advantages of the region. Expenditures on the implementation of mandatory affairs are prioritized to protect and improve the quality of life of the community, to fulfill regional obligations which are realized in the form of improving basic services, education, health, adequate social and public facilities as well as developing a social security system. Improving the quality of people's lives is realized through work performance in achieving minimum service standards based on mandatory regional government affairs with statutory regulations.

Regional spending is classified:

- 1. According to an, organization; adapted to the organizational structure of regional government.
- 2. According to function; consist of:
  - a. Classification based on government affairs is classified according to the authority of provincial and district/city governments.
  - b. The classification of expenditure according to state management functions is used for the purpose of harmony and integration of state financial management, consisting of:
    - 1. Public service
    - 2. Order and security
    - 3. Economy
    - 4. Environment
    - 5. Housing and public facilities
    - 6. Health
    - 7. Tourism and culture

8. Religion
  9. Education
  10. Social protection
3. According to programs and activities; adjusted to government affairs that fall under regional authority.
  4. By type of shopping; consist of:
    - a. Employee spending
    - b. Shop for goods and services
    - c. Capital expenditure
    - d. Flower
    - e. Subsidy
    - f. Grant
    - g. Social assistance
    - h. Profit sharing spending and financial assistance
    - i. Unexpected shopping

Budgeting in the APBD for each type of expenditure is based on statutory provisions.

5. Regional Financing Regional financing includes all revenues that need to be repaid and/or expenditure that will be repaid, both in the relevant budget year and in subsequent budget years. Regional financing consists of:
  - 1) Financing receipts include:
    - a. SiLPA of the previous fiscal year;
    - b. Disbursement of reserve funds;
    - c. Proceeds from the sale of separated regional assets;
    - d. Loan receipt; And
    - e. Receipt of loan repayment.
  - 2) Financing expenses include:
    - a. Establishment of reserve funds;
    - b. Regional government capital participation;
    - c. Payment of principal debt; And
    - d. Providing loans.

Net financing is the excess of financing receipts over financing expenditure. The amount of net financing must be able to cover the budget deficit.

## 5. Regional Budget Preparation Mechanism

The mechanism for preparing performance-based regional budgets is as follows:

- a. Determination of Organizational Strategy (vision and mission)

Vision and mission are a far-sighted perspective that provides an overview of a condition that must be achieved by an organization. From another point of view, the organization's vision and mission must be able to:

  1. Reflect what you want to achieve
  2. Provide clear strategic direction and focus
  3. Becomes the glue and unites various strategic ideas

4. Has a future orientation
5. Growing all elements of the organization
6. Ensure continuity of organizational leadership

b. Goal Creation

The goal in this case is something that can be achieved within one year or what is often termed an operational goal. Creating goals is a very important and strategic step because goals are the main basis for creating targets and performance indicators that will be attached to the activity implementation steps.

c. Activity Assignment

Activities are selected based on the organization's strategy and established operational objectives.

d. Evaluation and Decision Making

Review and ranking are carried out using standard standards set by the organization or by giving each unit the freedom to create criteria for determining ranking. (Nordiawan, 2020)

## B. PLANNING

### 1. Understanding Planning

*Planning* or planning is determining the goals to be achieved during the future and what must be done in order to achieve those goals. (George R. Terry and Leslie W. Rue, 2009)

Meanwhile, according to B. Uno, 2009; Planning is a satisfactory way to make activities run well, accompanied by various anticipatory steps to minimize gaps that occur so that the activity achieves the stated goals.

Meanwhile, according to Nordiawan, 2020; that strategic planning for fundamental goals and objectives. This type of planning is very important for determining overall organizational goals. Meanwhile, operational planning is a type of planning that is important for implementing the actions needed to achieve these fundamental goals and objectives.

### 2. Planning Stage

Nordiawan, 2020; explains that there are five important stages of the planning and control process, namely:

- a. Strategic planning takes the form of preparing fundamental and long-term goals and objectives.
- b. Operational planning.
- c. Budgeting process.
- d. Control and measurement.
- e. Reporting, analysis and feedback.

### 3. Benefits of Planning

Wake, 2008; revealed that planning really needs to be implemented to obtain the expected results in the future. Planning is a guideline for other management functions. Planning has several benefits, including:

- a. Helps in adapting to environmental changes
- b. Makes it easier to coordinate individuals or groups within the organization.
- c. Focuses attention on organizational goals.
- d. Limit uncertain work.
- e. Save time and funds in achieving goals.
- f. Assist in monitoring activities.

### 4. Planning Weaknesses



Several weaknesses in planning according to Handoko, 2008; are as follows:

- a. The work involved in planning may be overestimated in actual contribution.
- b. Planning tends to delay work.
- c. Planning may be too restrictive for management to take initiative and innovate.
- d. Sometimes the best results are obtained by resolving individual situations and planning each problem as it occurs.
- e. There are plans that are followed in inconsistent ways.

## 5. Regional Development Planning System

Development planning is a method or technique for achieving development goals in a precise, directed and efficient manner according to the conditions of the country or region concerned. Therefore, development planning should be implementable (can be implemented) and applicative (can be applied). (Sjafrizal, 2009)

The same thing was expressed by Bratakusumah, et al. 2004; that development planning is an initial stage in the development process. As an initial stage, development planning will be the basic material/guideline/reference for implementing development activities (action plan).

### C. CONTROL

#### 1. Understanding Control

According to Nafarin, 2007; Control means evaluating (assessing) the implementation of work by:

- a. Comparing realization with plan (budget)
- b. Take corrective action if deemed necessary or if there are detrimental deviations.

Furthermore, according to Mulyadi, 2008; Control is an effort to achieve certain goals through expected behavior. Meanwhile, according to Mahmudi, 2005; The management control process is the stages that must be passed to realize the organizational goals to be achieved. The management control process consists of several stages, namely:

- a. Strategy formulation
- b. Strategic planning
- c. Program creation
- d. Budgeting
- e. Implementation
- f. Performance reporting
- g. Performance evaluation
- h. Feedback

#### 2. Regional Expenditure Control

Nurlan Darise, 2008; states that performance-based budgeting is a budgeting method that is carried out by paying attention to the relationship between outputs and expected results from activities and programs including efficiency in achieving outputs from these results. The output of these results is outlined in the performance targets for each work unit. Meanwhile, how the goal is achieved is outlined in the program followed by financing at each level of goal achievement.

### D. LOCAL GOVERNMENT

#### 1. Definition of Regional Government

According to Republic of Indonesia Law Number 32 of 2004 concerning Regional Government in the general provisions of article 1, it is stated that regional government is the administration of government affairs by the regional government and DPRD according to the principles of autonomy and assistance duties with the broadest economic principles within the system and principles of the Unitary State of the Republic of Indonesia as intended in the 1945 Constitution of the Republic of Indonesia.

Regional governments regulate and manage government affairs themselves according to the principles of autonomy and assistance duties. Furthermore, regional governments exercise the broadest possible autonomy, except for government affairs which are the Government's business, with the aim of improving community welfare, public services and regional competitiveness.

## **2. The Role and Function of Government in Development**

The definition of function in accordance with Minister of Home Affairs Regulation Number 13 of 2017 concerning Guidelines for Regional Financial Management is the embodiment of government tasks in certain fields which are carried out in order to achieve national goals. The embodiment of governmental duties is divided into Regional Work Units (SKPD) and Regional Owned Enterprises (BUMD) whose role is to protect, serve and empower the community in accordance with their respective functions.

## **E. REGIONAL DEVELOPMENT**

### **1. Understanding regional development**

Nugroho and Dahuri, 2004; defines development as a coordinated effort to legally create more alternatives for every citizen to fulfill and achieve his most humane aspirations.

### **2. Regional Development Financing**

In accordance with the provisions of Law no. 17 of 2003 concerning State Finance, sources of financing for the implementation of decentralization consist of:

- a. Regional Original Income (PAD), consisting of:
  1. Local tax;
  2. Regional levies;
- b. Results of separate regional wealth management; And
  1. Other valid PAD, consisting of:
    - a. Proceeds from the sale of regional assets that are not separated;
    - b. Results of utilization or utilization of regional assets that are not separated;
    - c. Current account service;
    - d. Interest income;
    - e. Claims for compensation;
    - f. Profit from the difference in the rupiah exchange rate against foreign currencies;
    - g. Commissions, discounts, or other forms as a result of the sale and/or procurement of goods and/or services by the region.
- c. Balancing Fund, consisting of:
  1. Profit sharing funds;
  2. General Allocation Fund (DAU); And
  3. Special Allocation Fund (DAK)

- d. Other legitimate regional income, including grants, emergency funds, and other income determined by the government. Grants which are part of other legitimate regional income are assistance in the form of money, goods and/or services originating from the government, community and domestic or foreign business entities that are not binding.

## **RESEARCH METHODS**

### **Time and Location of Research**

The time for this research was approximately three months, namely January–April 2021 with the research location at the Planning Agency Regional Development (Bappeda) Nias Regency whose address is Jalan S. Parman No. 15 Nias 45211 telephone (0234) 271117–271722.

### **TYPES OF RESEARCH**

In this research, the type of research is qualitative using a descriptive research approach. Kirk and Miller state that qualitative research is a particular tradition in the social sciences that is fundamentally dependent on observations of humans both in their area and in their terminology. (Moleong, Lexy J. 2004)

Meanwhile Sugiyono, 2012; explains that the descriptive method is a method used to describe or analyze research results but is not used to make broader conclusions.

### **RESEARCH OBJECT**

Regional finance has components of income, expenditure and financing, so regional financial management is an effort to balance these three components. Where balancing efforts are carried out through analysis of the planning, implementation and control processes. So the author determines the Medium Term Development Plan (RPJM) as the research object which contains three components, namely Revenue, Expenditure and Financing of the Nias Regency Government.

### **DATA COLLECTION TECHNIQUE**

The data collection techniques used in this research are:

1. Interview; In this research, the author conducted interviews with authorized officials at the Nias Regency Bappeda, namely the Activity Plan Program (PRK) Section. An interview is a conversation with a specific purpose. The conversation is carried out by two parties, namely the interviewer who asks questions and the interviewee who provides answers to those questions. (Moleong, Lexy J. 2004)

Documentation; The author obtained the necessary data regarding the Medium-Term Development Plan (RPJM) and Accountability Information Report (LKPJ) of the Nias Regent from authorized officials at the Nias Regency Bappeda, namely the Activity Plan Program (PRK) Section and the Government Section. Efferin et al, 2004; explained that document analysis is one of the most important methods in qualitative research for obtaining data originating from written notes. Document analysis becomes important when you want to examine how a document was produced/achieved. Or if the document is an expression/embodiment of important elements that are relevant to the phenomenon being studied.

3. Literature study; carried out in order to obtain secondary data, which comes from articles, journals, research results and other sources related to this research. Nazir, 2005; explains that library research is a data collection technique by conducting research studies using books, literature, notes and reports that are related to the problem being solved.

### **DATA ANALYSIS TECHNIQUE**

The data analysis used in this research is descriptive analysis. The author in this study analyzed the data by carrying

out the following steps:

1. Collect data that supports this research.
2. Interpret the data that has been collected.
3. Describe the research object objectively.

Umar, 2005; explained that descriptive analysis is describing the nature of something that was taking place at the time the research was carried out and examining the causes of a particular symptom.

### VARIABLE OPERATIONAL DEFINITIONS

A budget is a financial activity plan that contains estimates of proposed expenditures in one period and proposed sources of income to finance these expenditures.

Planning is the initial activity in a job in the form of thinking about things related to the job in order to get optimal results. Therefore, planning is a necessity, a necessity as well as being a necessity.

Strategic planning takes the form of preparing fundamental and long-term goals and objectives. This planning is very important for determining overall organizational goals and the process of preparing it is very dependent on the environment and characteristics of each organization. Although determining strategic planning for public sector organizations is much more complicated because it accommodates many factors, such as requirements set out in law, government intervention, and various political processes.

Control and measurement is the process of determining what must be achieved, namely standards, what is being done, namely implementation, assessing implementation and, if necessary, making improvements so that implementation is in accordance with the plan, namely in line with standards. Measurement includes recording the actual costs that have been incurred. And if possible, recording of the output achieved, and control will detect differences from the budget position and take action to correct these deviations.

Regional government is the implementation of autonomous regional government by the regional government and DPRD according to the principle of decentralization.

### DISCUSSION

#### Discussion of Research Results

It is hoped that the general policies implemented in the 2019-2022 RPJMD period will lead to improving the performance of Regional Revenue management, namely exploring and utilizing all regional revenue potential to strengthen the regional economy and government administration, development and community development. Efforts to explore these potential sources need to be accompanied by improving the quality of services to the community.

In realizing the policy direction for Regional Revenue Management, the Nias Regency Government is gradually organizing regional infrastructure and superstructure, one with another, coherent and concurrent, interacting in order to carry out institutional functions so that there is no overlap.

Overview of regional financial management in Year 2019–2022 which is the basis for formulating the funding framework for the next four years in the 2019-2022 period is as follows.

**Table 4.1 Nias Regency Financial Management Budget 2017 – 2020**

Description	Annual Budget (Rp)			
	2019	2020	2021	2022
<b>Income</b>	876,568,435,823.75	936,827,265,939.76	1,103,255,249,530.33	1,172,892,501,234.00

<b>Shopping</b>				
Indirect Shopping	431,491,413,846.25	616,455,439,192.00	806,748,220,083.00	960,454,023,655.00
Direct Shopping	348,293,664,462.50	445,411,512,472	386,422,219.00	341,629,526,985.00
<b>Financing</b>				
Reception	87,283,919,355	91,546,559,770.91	82,075,421,018.67	80,699,042,747.00
Expenditure	13,610,000,000	22,445,947,000	11,403,783,500.00	48,918,589,725.00

Source: Nias Regency RPJMD 2019-2022

**Table 4.2 Realization of Nias Regency Financial Management 2019 – 2022**

Description	Year Realization			
	2019	2020	2021	2022
<b>Income</b>	967,657,718,724.59	1,036,727,065,939.76	1,206,349,249,530.33	1,372,792,401,234.00
<b>Shopping</b>				
Indirect Shopping	501,491,413,846.09	616,455,439,192.00	806,748,220,083.00	960,454,023,655.00
Direct Shopping	448,293,664,462.50	445,411,512,472	386,422,219.00	341,629,526,985.00
<b>Financing</b>				
Reception	87,283,919,355	91,546,559,770.91	82,075,421,018.67	80,699,042,747.00
Expenditure	13,610,000,000	22,445,947,000	11,403,783,500.00	48,918,589,725.00

Source: Nias Regency RPJMD 2019-2022.

Based on the average growth of regional income recipients over 4 years from 2019 to 2022, to fulfill development funding in the Nias Regency RPJMD for 2019-2022 regional financial management policies are directed at increasing regional financial independence to meet the needs of government administration and development with policy regional income management which is directed at optimizing regional income through efforts to explore the potential for regional taxes and levies carried out both by intensification and extensification as well as efforts to ensure efficiency and effectiveness in monitoring and controlling the management of regional income sources.

This policy is implemented through revenue strategies and priorities in the APBD with the following efforts:

1. Improving the performance of planning regional income sources.
2. Improving the performance of producing Regional Work Units (SKPD) in managing regional income sources.
3. Increase the intensity of socialization activities for regional regulations relating to regional income sources.
4. Increase law enforcement in the field of obligations to fulfill regional taxes and levies.
5. Increasing the intensity of promotional activities for regional potential to encourage increased regional investment.
6. Increase the intensity of cooperation and coordination activities with the Central Government and Provincial Government.
7. Improving the performance of supervision and control of regional income sources.
8. Facilitate and encourage increased community participation in regional development financing.

After knowing the Realization of Regional Financial Management for Nias Regency for 2019 - 2022, the author will present the Regional Financial Management Budget for Nias Regency for 2019-2022. For more details, see table 4.2 below:

**Table 4.3 Nias Regency Financial Management Budget 2019 – 2022**

Description	Year Realization			
	2019	2020	2021	2022

<b>Income</b>	967,657,718,724.59	1,036,727,065,939.76	1,206,349,249,530.33	1,372,792,401,234.00
<b>Shopping</b>				
Indirect Shopping	501,491,413,846.09	616,455,439,192.00	806,748,220,083.00	960,454,023,655.00
Direct Shopping	448,293,664,462.50	445,411,512,472	386,422,219.00	341,629,526,985.00
<b>Financing</b>				
Reception	87,283,919,355	91,546,559,770.91	82,075,421,018.67	80,699,042,747.00
Expenditure	13,610,000,000	22,445,947,000	11,403,783,500.00	48,918,589,725.00

Source: Nias Regency RPJMD 2019-2022

Source: Processed from Nias Regent's LKPJ source.

After knowing the Regional Financial Management Budget for Nias Regency for 2011-2013, the author will present the Realization of Regional Financial Management for Nias Regency for 2016-2018. For more details, see table 4.3 below.

Table 4.4

**Realization of Nias Regency Financial Management**

2016 – 2018

Description	Year Realization (Rp.)		
	2016	2017	2018
Income	1,672,637,775,550.00	1,885,653,941,609.00	2,121,308,065,714.00
<b>Shopping</b>			
Shopping is not direct	998,694,978,895.00	1,088,915,129,731.00	1,205,565,757,205.00
Shopping Direct	572,499,707,207.00	754,535,563,295.00	914,697,209,158.00
<b>Financing</b>			
Reception	104,008,449,152.00	195,472,406,764.00	196,598,562,806.00
Expenditure	8,324,345,600.00	41,077,092,541.00	38,697,839,755.00

Source: Processed from Nias Regent's LKPJ source.

Because this research focuses on budget analysis, the following will discuss the achievements of the 2016-2018 RPJMD in the budget years that have been realized, namely the 2016-2018 budget year. As presented in table 4.2 above, the realization of regional income in 2016 was IDR. 1,672,637,775,550.00, in 2017 amounting to Rp. 1,885,653,941,609.00, and in 2018 it was Rp. 2,121,308,065,714.00.

The 2016 Nias Regency Regional Revenue Budget after the amendments was set at Rp. 1,748,360,895,721.00, with details of sources of income as follows:

Locally-generated revenue; budgeted at Rp. 126,508,009,780.00 and realization of Rp. 144,553,804,178.00 or 114.26%.



1. The balance fund is budgeted at Rp. 1,104,911,099,564.00 and realization of Rp. 1,112,478,231,285.00 or 100.68%. Other Posts Legal Original Regional Income; budgeted at Rp. 420,522,763,841.00 and realization of Rp. 415,605,740,087.00 or 98.83%. Meanwhile, the Regional Expenditure Budget for Fiscal Year 2016 after changes amounted to Rp. 1,748,360,895,721.00 and realization of Rp. 1,571,194,686,102.00 or 89.87%. Meanwhile, financing in 2011 amounted to Rp. 95,684,053,552.00 which is the difference from the total financing receipts of Rp. 104,008,449,152.00 with total financing expenditure of Rp. 8,324,345,600.00.

Furthermore, the 2017 Nias Regency Regional Revenue Budget after the changes was set at Rp. 1,856,489,594,000.00, with details of sources of income as follows:

1. Locally-generated revenue; budgeted at Rp. 124,876,969,000.00 and realization of Rp. 164,671,614,661.00 or 115.25%.
2. The balance fund is budgeted at Rp. 1,327,860,154,000.00 and realization of Rp. 1,341,524,165,410.00 or 101.03%.
3. Other Posts Legal Original Regional Income; budgeted at Rp. 385,752,471,000.00 and realization of Rp. 379,458,161,538.00 or 98.37%.

Meanwhile, the Regional Expenditure Budget for Fiscal Year 2018 after changes amounted to Rp. 2,010,516,069,000.00 and realization of Rp. 1,843,450,693,026.00 or 91.69%. Meanwhile financing in 2012 amounted to Rp. 154,395,314,223.00 which is the difference from the total financing receipts of Rp. 195,472,406,764.00 with total financing expenditure of Rp. 41,077,092,541.00.

The 2018 Nias Regency Regional Revenue Budget after the changes was set at Rp. 2,092,669,279,400.00, with details of sources of income as follows:

1. Locally-generated revenue; budgeted at Rp. 170,694,566,000.00 and realization of Rp. 174,713,400,274.00 or 102.35%.
2. The balance fund is budgeted at Rp. 1,420,876,941,000.00 and realization of Rp. 1,442,565,577,129.00 or 101.53%.
3. Other Posts Legal Original Regional Income; budgeted at IDR 501,097,772,400.00 and realization as big as Rp. 504,029,088,311.00 or 100.58%.

Meanwhile, the Regional Expenditure Budget for Fiscal Year 2018 after changes amounted to Rp. 2,247,770,093,451.00 and realization of Rp. 2,120,262,966,363.00 or 94.33%. Meanwhile financing in 2018 amounted to Rp. 157,900,723,051.00 which is the difference from the total financing receipts of Rp. 196,598,562,806.00 with total financing expenditure of Rp. 38,697,839,755.00.

Based on the LKPJ on achieving regional income targets, the author found that the problems faced from Fiscal Year 2016 to Fiscal Year 2018 remained the same, namely:

1. Regarding the weak enforcement of the rule of law in regional revenue management.
2. Regarding the existence of a bureaucratic chain in managing regional taxes and regional levies.
3. Regarding the lack of quality of Human Resources (HR) of regional revenue management officials.
4. Regarding the lack of facilities and infrastructure as well as the quality of service to the community as taxpayers and retribution payers.
5. Regarding the lack of coordination between OPDs related to regional revenue management.
6. About cooperation and partnerships with stakeholders, the private sector and NGOs.

Even though efforts have been made For overcome the problems mentioned above, however, the problems do not seem to have been resolved optimally, so they still appear as problems in the 2016-2018 LPJK. So local governments must be more effective in dealing with problems to determine the right solution.

In contrast, the Direct Expenditure component in Selected Affairs in Maritime Affairs and Fisheries Affairs for the 2018 Fiscal Year is budgeted at IDR. 15,362,263,000.00, 2017 Fiscal Year budgeted at Rp. 12,082,831,000.00 and the 2016 Fiscal Year was budgeted at Rp. 28,279,422,860.00. Like It is known that Nias Regency is an area that

still relies on natural resources, with the majority of its population working as farmers and fishermen. For this reason, budgets related to Maritime Affairs and Fisheries should be given more attention in order to achieve increased community welfare.

### **Conclusion**

Based on the problem formulation, research objectives, theoretical framework, data analysis, and research results, the following conclusions can be drawn:

1. The budget has a very important function and role as a tool for planning and controlling regional development in Nias Regency during the 2019-2022 period.
2. Regional development financing in Nias Regency during the 2019-2022 period in the 2016 - 2018 RPJMD Nias Regency, regional financial management policies are directed at increasing regional financial independence to meet the needs of government administration and development with regional income management policies directed at optimizing regional income through efforts to explore the potential for regional taxes and levies carried out both by intensification and extensification, as well as efforts to ensure efficiency and effectiveness in monitoring and controlling the management of regional income sources.
3. Regional Medium Term Development Plan (RPJMD)

Nias Regency 2019-2022 provides direction for sustainable regional development with policies through strategies and revenue priorities in the APBD with improvements to the following efforts:

- a. Increase performance of planning regional income sources.
- b. Improving the performance of producing Regional Work Units (SKPD) in managing regional income sources.
- c. Increase the intensity of socialization activities for regional regulations relating to regional sources of income.
- d. Increase law enforcement in the field of obligations to fulfill regional taxes and levies.
- e. Increasing the intensity of promotional activities for regional potential to encourage increased regional investment
- f. Increase the intensity of cooperation and coordination activities with the Central Government and Provincial Government.
- g. Improving the performance of supervision and control of regional income sources.
- h. Facilitate and encourage increased community participation in regional development financing.

### **Suggestion**

Based on the conclusions in this research, the suggestions for this research are:

1. Considering the important function and role of the budget as a tool for planning and controlling regional development, linkages and consistency between planning, budgeting, implementation and control should be established.
2. Increasing efforts to optimally explore potential sources of original regional income. Apart from that, efforts are also made to supervise and control the management of regional income sources more efficiently and effectively to support the fulfillment of regional development financing.
3. Development policy strategies and directions are the basis for designing programs. For this reason, as far as possible, strategies and policy directions must be made more effective and focused. So that it can realize better coordination, integration, synchronization and synergy between development actors, between spaces, between times, between government functions and between districts and provinces and the center, and it is hoped that linkages and consistency between planning, budgeting, implementation and supervision. Apart from that, it is hoped that it will be able to optimize community participation and ensure that resources are controlled efficiently, effectively, fairly and sustainably.

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