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## **Apparatus and Public Budget Management: Evidence from Regional Government in North Gorontalo**

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### **Abstract**

This study aims to analyze and assess the process of managing government apparatus and public spending on regional governments in North Gorontalo. The type of data used is secondary data in the form of Budget Realization Reports. This study analyzes the optimization of apparatus and public expenditure in 2017, 2018 and 2019 at the North Gorontalo District Transmigration and Manpower Office. The results showed that overall the level of optimization of the achievements of the Apparatus and Public Expenditures of the North Gorontalo District Transmigration and Manpower Office in 2017, 2018 and 2019 included in the criteria was very optimal. On average, the apparatus expenditure proceeds to be greater than public spending. The results of this calculation indicate that the portion of apparatus expenditure is still considered too high when compared to public spending.



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## **1 Introduction**

The implementation of regional autonomy is an important focal point in order to improve people's welfare (Sajow et al., 2017). This is in accordance with the general provisions in the Regional Autonomy Law No. 32 of 2004 concerning Regional Governments that have replaced Law No. 22 of 1999. The implementation of the Indonesian government policy on Regional Autonomy began effectively on January 1, 2001, a policy that was considered to be very democratic and fulfilled the actual aspects of decentralization. The concept of decentralization is essentially aimed at further improving welfare and services to the community, developing democratic life, justice, equity, and maintaining harmonious relations between the center and the regions and between regions. Enactment of Law No. 32 of 2004 brought fundamental changes to the systems and mechanisms of local government management in Indonesia.

According to Hutajulu, (2016) Autonomy or decentralization is the transfer of power and responsibility of the central government to local governments in the field of public services and fiscal matters. This means that regional governments have greater authority to regulate themselves while at the same time leading to increased

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responsibility for government administration. The logical consequence of the implementation of regional autonomy causes changes in regional financial management, namely the need for a budget reform, especially in management aspects (Budiman & Wokas, 2015). This is caused because the traditional budget approach still shows weak planning in the allocation of expenditure budgets, which results in less efficient government performance, so there are work units that are overfunded and there are work units that are underfunded. Work units that are over-funded lead to low efficiency, while work units that are underfunded cause effectiveness to achieve goals are low, which in the long run can reduce the performance of public services by the government (Ayuningsasi, 2018).

Regional financial management has a great influence on the fate of an area because a region can be a strong and powerful region and is able to develop the potential of its region (Magno et al., 2015; Rindawati, 2017; Basri et al., 2020). The change from a centralized top-down system to a decentralized bottom-up does not always have a good impact. Even many new problems have arisen. These problems for example the regional government still cannot escape from dependence on the central government because regional autonomy cannot be fully carried out by all regions in Indonesia because there are still many regions that are still dependent on the center, especially for issues of budget or development funds. Analysis of regional financial performance in local governments is important information especially for making policies in regional financial management and assessing the success of local governments in managing their finances so it is important to conduct research on financial management related to government budgets and spending (Labi, 2019). Halim, (2016) divides regional expenditure into two groups namely routine or operational expenditure and development expenditure. Development expenditure consists of public and apparatus expenditure. For development expenditures aspects that must be considered by local governments in the form of technical, financial, economic and socio-cultural feasibility aspects. (Setiyawati & Hamzah, 2007).

Expenditures are all general state or regional treasury expenditures which reduce current fund equity in the period of the relevant fiscal year that will not be repaid by the central / regional government (Laukamang et al., 2016). Expenditures are determined by a budget credit authorization document (Ulum, 2004). Effective spending will identify the relationship between the value of money and results, and can explain the interrelationships and effective management of the budget. If there is a difference between a plan and its realization, an evaluation of input sources and how they relate to outputs or outcomes can be evaluated to determine the effectiveness of budget or expenditure implementation (Anggarini & Puranta, 2010). Apparatus expenditures is used to plan daily needs in running the government. Government spending which is categorized in the apparatus budget is routine expenditure because it is repetitive and is annually (Mardiasmo, 2009). Halim (2016) explains that regional apparatus expenditure is part of expenditure in the form of general administration expenditure, operational and maintenance expenditure, and capital expenditure.

This research study is quite important to do because the size of the budget portion is very important to know because the value of the expenditure budget is the government's policy in realizing work programs in an effort to improve services and people's welfare. Harmony between apparatus expenditure and public expenditure on total expenditure needs to be measured, which of course the measurement results can be used as a basis for knowing the dominance of government policy more on apparatus or public expenditure activities (Pasaribu & Tinangon, 2004; Ruwaida, et al., 2015). This research was conducted at the Transmigration and Manpower Office of North Gorontalo District, the reason for choosing this location is because the comparison between apparatus and public expenditure is ideal to show the performance of work unit institutions in carrying out basic tasks and functions well carried out and in realizing a vision and mission organization (Setiyawati, A., & Hamzah, A. 2007), so that what the aspirations of the North Gorontalo District Government in improving human resources, providing employment and improving the standard of living of the people are relatively relative in realizing it.

## **2 Research Method**

This study uses a descriptive analysis method (Sugiyono, 2015) to provide an overview of data analysis on the management of apparatus and public expenditure budgets at the North Gorontalo District Transmigration and Manpower Office by measuring the level of optimization of spending. The type of data used in this research is

secondary data in the form of Budget Realization Reports for the last three years namely 2017, 2018 and 2019 as well as other supporting data. The analytical method used in this study is a descriptive method of apparatus budgeting and public expenditure, namely by examining and discussing existing data, then analyzing and comparing existing practices and theories, then interpreting to draw conclusions. The steps in analyzing data are done by 1) Gathering data related to the budget in the Budget Realization Report for 2017, 2018 and 2019. 2) Identifying and grouping between apparatus expenditure and public expenditure. 3) Conduct measurement analysis and appraisal of the development of the value of apparatus and public expenditure in 2017, 2018, 2019. 5) Analyze the effectiveness measurement of the realization of budget expenditures for apparatus and public expenditure in 2017, 2018 and 2019. 6) Perform measurement analysis and assessing the size of the apparatus and public expenditure budget towards total expenditure in 2017, 2018 and 2019. 7) Interpreting the optimization of the achievement level of the apparatus and public expenditure budget realization. 8) Interpreting the harmony of spending both apparatus and public expenditure and 9) Formulating conclusions on the results of research and discussion and providing constructive advice to the agencies studied.

### 3 Result and Discussion

#### Result

Budget Realization Report data at the North Gorontalo District Transmigration and Manpower Office in 2017, 2018 and 2019 shows that the structure of official expenditure budgets includes Operational Expenditures and Capital Expenditures. Operational Expenditures, consisting of personnel expenditure and expenditure for goods and services. Whereas capital expenditure consists of equipment and machinery capital expenditure, building and building capital expenditure, and road, irrigation and network capital expenditure. The actual value of spending in 2017 amounted to Rp 3,786,964,507, in 2018 amounting to Rp 3,245,780,032, and in 2019 amounting to Rp 4,458,488,852. This data shows the magnitude of the value of the realization of capital expenditure at the Transmigration and Manpower Office of North Gorontalo Regency has continued to increase over the past three years. In contrast to operating expenses that have fluctuated. However, this figure shows that the value of the portion of the Operating Expenditure budget is far greater than the Capital Expenditure with an average value of the Operating Expenditure above 90%, both in 2017, 2018 to 2019.

Determination of optimizing the achievement of the expenditure budget realization at the North Gorontalo District Transmigration and Manpower Office is based on a comparison between the amount of budgeted expenditure and the amount of realization of the budget for the end of the period. Table 1 shows the achievements of Apparatus Spending realization in 2017 amounted to 92.72%, in 2018 amounted to 94.41% and in 2019 amounted to 96.10%. While the achievement of the realization of Public Expenditure in 2017 was 96.50%, in 2018 it was 95.36% and in 2019 it was 97.87%. Both Apparatus Expenditures and Public Expenditures over the past three years show a realization value of above 90% with a trend that continues to increase close to 100%, especially in 2019.

**Table 1.** Achievements in the Realization of Spending in 2017, 2018 and 2019 Transmigration and Manpower Office North Gorontalo District

Year	Apparatus Expenditures			Public Expenditures		
	Budget	Realization	Achievements	Budget	Realization	Achievements
2017	1.704.074.938,00	1.580.094.260,00	92,72%	2.286.866.000,00	2.206.870.247,00	96,50%
2018	1.738.346.331,00	1.641.134.871,00	94,41%	1.682.650.000,00	1.604.645.161,00	95,36%
2019	1.622.813.132,00	1.559.545.162,00	96,10%	2.961.934.000,00	2.898.943.690,00	97,87%

**Source:** Data processed (2020)

The development trend of the apparatus expenditures value that tends to experience a slight increase in 2018, then in 2019 experienced a slight decline whose value is lower than in 2017, This indicates that apparatus spending over the past three years tends to decrease. In contrast to the development trend of the value of Public Expenditure which in 2018 has decreased, but in 2019 has experienced a rapid increase.

Mahmudi, (2015) revealed that to be able to find out whether the apparatus and public expenditure are optimal or not can be measured using the harmony ratio formulated as follows:

$$\text{Apparatus Expenditure ratio} = \frac{\text{Total Apparatus Expenditure}}{\text{Regional Expenditure}} \times 100 \% \text{ Total}$$

$$\text{Public Spending Ratio} = \frac{\text{Total Public Expenditure}}{\text{Total Regional Expenditure}} \times 100 \%$$

Based on the optimization formula of apparatus expenditure harmony and public expenditure above, it can be calculated the portion of expenditure harmony at the North Gorontalo District Transmigration and Manpower Office (DTTK) during 2017, 2018 and 2019 as shown in table 2.

**Table 2.** Matching Spending in 2017, 2018 and 2019 Transmigration and Manpower Office of North Gorontalo District

Year	Apparatus Expenditures		Public Expenditures		Total
	Total (RP)	Persentase	Total (RP)	Percentage	
2017	1.580.094.260,00	41,72%	2.206.870.247,00	58,28%	3.786.964.507,00
2018	1.641.134.871,00	50,56%	1.604.645.161,00	49,44%	3.245.780.032,00
2019	1.559.545.162,00	34,98%	2.898.943.690,00	65,02%	4.458.488.852,00
Rata-rata	4.780.774.293,00	41,60%	6.710.459.093,00	58,40%	11.491.233.386,00

Source: Data Processed (2020)

Table 2 show that in 2017, 2018, and 2019 the Transmigration and Manpower Office of North Gorontalo District had a realization posture of apparatus balances ranging from 41.72%, 50.56% and 34.98%, if compared to the portion of expenditure public 58.28%, 49.44% and 65.02%. This shows that the harmony of Apparatus Expenditure with Public Expenditure is said to be ideal. If calculated as an overall average of the last 3 years, the portion of apparatus expenditure reached 41.60% and public expenditure amounted to 58.40%.

**Discussion**

Overall, the level of optimization of the achievements of the Apparatus and Public Expenditure Expenditures of the Transmigration and Manpower Office of North Gorontalo Regency in 2017.2018 and 2019 is included in the Very Optimal criteria because it is in the range of 75% - 100%. This is in line with the opinion of Halim (2016) that the budget is said to be very optimal if it meets the optimization standard level in the range of 75% -100%. This figure shows that regional budget priorities are more devoted to public services (services to the general public). In line with the opinion of Mardiasmo (2009) where the absorption of the budget illustrates the ability of local governments to carry out and account for every activity that has been planned, where the absorption of local government budgets is an accumulation of budget absorption carried out by each Regional Work Unit.

The North Gorontalo District Transmigration and Manpower Office is the implementing element of the North Gorontalo District Government, has the task of carrying out Manpower and Transmigration matters, is obliged to provide services and provide opportunities for the public to obtain information relating to issues in the Field of Manpower and Transmigration. Each year compiles various program activities and services which of course the financing element appears in the expenditure budget in the Regional Work Unit Budget Work Plan (RKA) report. The high budget realization shows that the regional work units have carried out the entire planned program. This is indicated by the output program both service and human resource development programs and regional development in the field of manpower and transmigration.

High budget absorption in the last three years namely 2017, 2018, 2019 shows the performance of the North Gorontalo District Transmigration and Manpower Office is very effective in optimizing the use of the budget to finance community programs in the fields of Manpower and Transmigration. This is in line with the direction

of BPKP (2011) where as one indicator in assessing the financial performance of local governments, the level of budget absorption needs to get the attention of local governments. That is because the low absorption of the budget indirectly shows the inaccuracy of the local government in this case the work unit in carrying out activities so that it causes idle money which should be allocated to other activities that are more productive.

The optimal budget realization for the North Gorontalo District Government through the North Gorontalo District Transmigration and Manpower Office is an effort to target performance in realizing programs that lead to vision and mission 1) Placement, expansion and guidance of workforce competence through training and development of work productivity. 2) Fostering industrial relations, protecting workers, and increasing worker welfare. 3) Implementation of labor inspection. 4) Improvement and development of human resources both apparatus and transmigration area community. 5) Conducting transmigration activities with productive businesses as centers of economic growth. Untari Research (2015) with the title research Efficiency and Effectiveness Analysis of the Implementation of the Direct Expenditure Budget of the Semarang City Education Office, where the average calculation results indicate the achievement of the level of effectiveness has been categorized as effective in implementing programs and activities on its direct expenditure, each program or activity has been carried out as expected and can be seen from the difference between the target with the realization in direct shopping not too far away.

Based on the calculation of the ratio of expenditure harmony between apparatus and public expenditure at the North Gorontalo District Transmigration and Manpower Office in 2017, 2018 and 2019 shows the portion of the apparatus expenditure budget with an ideal public expenditure of the total budgeted expenditure. The results of this study are in line with what is stated in article 4 paragraph (1) of Government Regulation Number 58 of 2005 concerning Regional Financial Management stating that In the framework of public accountability, local governments are expected to be able to optimize spending to improve the welfare of their communities. Optimal has the meaning of maximizing management between apparatus and public expenditure so that there is a balance or harmony. Previous research by Rahim (2014) has the same result where in 2010-2012 the Gorontalo District Government was considered more dominant using its funds to finance operational interests that are consumptive and the useful life can only be enjoyed in one year, compared to the use of funds that are investment in nature the useful life is more than one year.

#### **4 Conclusions**

Overall, the level of optimization of the achievements of the Apparatus and Public Expenditures of the North Gorontalo District Transmigration and Manpower Office in 2017, 2018 and 2019 is included in the Optimal Once criteria on a scale of the range of 75% - 100%. On average, the portion of apparatus expenditure reached 41.60% and public expenditure amounted to 58.40%. Based on these calculations, the portion of apparatus expenditure and public expenditure is said to be ideal. For further researchers, the importance of measuring overall performance of government agencies does not only involve the expenditure budget, measurement of the effectiveness and efficiency of expenditure, analysis of the output or outcome of the realization of the budget or program. This needs to be done so that the measurement is more objective and not only based on documents and reports on the realization of the budget, but whether the program that has been realized can be useful and has a significant impact on the needs and welfare of the community.

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