

Analysis of Preparation Process of Yearly Revenue and Expenditure Budget (APBA) of Aceh Development Planning Board (Bapeda), Banda Aceh, Indonesia

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Abstract

As the provinces were given special autonomy as the mandate of Law No. 44 Tahun 1999 and No. 11 Tahun 2006 about governance with the authorities of Aceh can do development in various fields with more maximum freedom. For that needed considerable funds each year, either from National Budget (APBN) or source of Provincial Budget (APBA). This studi aims at analyzing the process of preparing annual budget preparation process at BAPPEDA of Aceh.

The research that conducted in form of case study at Bapeda Office employed qualitative descriptive method. It is therefore used interview, observation and documentation as the data collecting technique in gathering data regarding factors affecting the time of preparation process of the budget in the Government of Aceh.

The results show that based on Domestic Ministry Affairs Provision (Permendagri) No. 13 year of 2006 about the guidelines of the regional financial management, budget drafting process in the Government of Aceh has been in accordance with the applicable provisions, but the required time span still takes a quite long. This condition can be clearly observed from the stage of preparation of the documents that is so long, such as Acehese Long Range Development Planning (RPJP of Aceh), Acehese Medium Range Development Planning (RPJM), Strategic Planning of Government Working Unit (Renstra SKPA), Work Planning of Government Working Unit (Renja SKPA), Work Planning of Budget Authority (RKPA), General Policy of Budget (KUA) and Priority Plafond of Temporary Budget (PPAS), and it should accommodate the interests of the designated Executive and the legislature.

Keywords: Budget Preparation, Provincial Annual Budget, Development Planning Board, Special Autonomy.

1. Introduction

As it is understood, Aceh is a province which is granted special authority in the form of special autonomy as stipulated in Law no. 44 of 1999 and also Law no. 11 of 2006 on governance. Aceh has the authority to regulate governance, and this is what makes Aceh different from other provinces. Several aspects are different from the enactment of the two laws, such as the mention and title of government officials, legislative bodies and other aspects. The law gives special authority to the head of government (Governor) to organize and implement the governance for the benefit of local people according to the law applicable in the framework of the Unitary State of the Republic of Indonesia (NKRI), and referring to the 1945 Constitution.

Development undertaken in Aceh is a planned and systematic undertaken by government and private sector in various sectors. Development is done in various levels and areas, such as physical, economic, social and others. The purpose of the development is to improve the welfare of a regionally sustainable community (Wiara Jaka: 2013). To undertake the development required substantial funds every year, and if the development is done by the government then the source of funds will be budgeted in the APBN and APBD. Funds used by the Government of Aceh to undertake development are budgeted in the Aceh Revenue and Expenditure Budget (APBA). Differences in terms of reference to the current budget in Aceh as stipulated in the law of the Republic of Indonesia No. 11. Year 2006. Currently there is a phenomenon that developed in Aceh in terms of APBA budgeting, namely the late adoption of the draft budget by the Aceh People Assembly (DPRA) and repeated every year. This phenomenon affects the late APBA approval at the central level in Jakarta to be a Regional Regulation (PERDA).

Several previous studies have been conducted on this budgeting phenomenon in various regions. Rahayu and Affandi (2007) stating that the process of budget preparation in Jambi Province is done by the Regional Device Work Unit (SKPD). The results of the study show that the badgeting performance of budget preparation has not been running properly. This condition occurs because there are several interests that must be accommodated in the drafting of the budget, such as the interests of the bureaucracy, so that the impact on the late preparation process. The solution offered is to open access to information for the public to be able to know the process of budgeting at the local level, so that the public gets information about the process. Bastian (2008) analyzes the phenomenon of the delay cycle of APBD and provides a solution to the phenomenon. Among the solutions offered is a joint consensus between the Governor / Regent and the mayor and the head of the DPRA on the technical preparation of the budget. With this understanding is expected to cut the time of preparation of the budget, so the determination of the Work Plan can run early. Ariesta and Taufiq (2010) evaluated factors affecting the delay of APBD preparation in Kabupaten Rejang Lebong, fiscal year 2008 - 2010. This study defines 5 factors causing delay in compiling APBD. Factors that influence are executive and legislative relationships, educational background, performance indicators, commitments, budget preparation time. Jumiati (2011) conducted a general research on the governance of state finances in the mechanism of APBA drafting. The result shows that state financial management is an inseparable unity between the state budget and the regional budget. This condition is generally formulated as a Financial Work Plan. Therefore, APBA programs are linked to sustainable APBN programs and synergize with regional autonomy programs.

This paper examines the budget structure of the Aceh Government, particularly in the process of drawing up the APBA. The formulation of the problem focused on the mechanism

of budget formulation, discussion and budgeting of expenditure income, and the process of issuing qanun by the Government of Aceh.

2. Literature Review

In general, the budget is defined as a plan of financial activities that are managed wisely for a certain period in the future. The National Committee on Governmental Accounting of the United States of America (Gade 1993: 49) states the budget as "a financial plan containing proposed spending estimates". While Bahtiar, Muchlis and Iskandar (2002: 33-34) define "The budget is a record of the past and future plans, as well as the mechanisms of resource allocation, growth methods, channeling tools, revenue, negotiation mechanisms, organizational aspirations, a form of control power, and a communication tool or network. "

a. Characteristics of the Budget

Understanding the characteristics of the budget is divided into several opinions put forward by some experts, including Bastian (2010: 192) which divides the characteristics of the budget into:

- Budget expressed in financial units and non-financial units.
- Budget generally covers a certain period of time, ie one or several years.
- Budget that contains the commitment or the ability of management to achieve the target set.
- Budget proposals reviewed and approved by the higher authorities of the budget constituents.
- Budgets that have been prepared can only be changed under certain conditions.

Mardiasmo (2009: 12) also argues that the budget is a question of estimated performance to be achieved over a period of time, and measured in financial units, while budgeting is a process or method of preparation of a budget. Broadly speaking the budget is divided into the public sector and the private sector.

The public sector budget is an accountability instrument for managing public funds and the implementation of publicly funded programs, with aspects that should be included in public sector budgets. The aspects covered in the public budget are planning, controlling, and accountability. In the private sector Budget is part of the secret of a company that is closed to the public, but instead on the public sector budget should be informed to the public to be criticized, discussed, and given input.

Freeman (2003), and Nordiawan (2006: 48) define the budget as a process undertaken by an organization to allocate its resources to the limited needs (the process of allocating resources to unlimited demands).

b. Public Sector Budget

In the public sector, the budget is a breakdown of all aspects that will be done and arranged in the form of income and expenditure plans within one year. The government created a budget to direct and realize economic growth to be more effective and efficient. Mardiasmo (2009: 63) also argues, there are several reasons for the preparation of the budget include:

- As a tool of government and to guide socio-economic development, establish sustainability, and improve the quality of life of the community.
- Budget occurs because of the needs and wants of society is unlimited and growing, while the existing resources are limited (scarcity of resources). In summary it can be said that the budget is needed because of the problem of limited resources, choice, and trade offs.

- As evidence of the government's responsibility to the community, reflected in the form of public budget which is the executing instrument aimed at the creation of public accountability.

The budget is also used by the government as a tool to design work programs to conduct every activity to be well controlled. Public budget also becomes a barometer of every activity undertaken. Mardiasmo (2009: 12), argues that the main functions of the public sector budget are:

1. Budget is used as a planning tool. As a planning tool, the budget is used to formulate the objectives and policy targets according to the vision and mission set. Various work programs and activities to achieve organizational goals is done by planning alternative sources of funding, and allocate funds in various sectors of activities that have been prepared, and determine the performance indicators and the level of achievement of the planned strategy.
2. Budget as a Control Tool. Used as a detailed plan of government revenues and expenditures to be measurable and accountable to the public. As a controlling instrument, budgets are also used to avoid overspending, underspending and misuse of fund allocations in other areas.
3. Budget as a Fiscal Policy Tool. As a tool of fiscal policy, the budget is used to stabilize the economy and encourage economic growth to guide government fiscal policy and make economic predictions and estimates.
4. Budget as a Political Tool. As a political tool, budgets are used in political documents as executive commitments and legislative agreements on the use of public funds for specific purposes.
5. Budgets as Coordination and Communication Tools. As a tool of coordination and communication, a well-drafted budget will be able to detect the incoordination of a work unit to achieve an organizational goal. Therefore coordination and communication within the organization must be done.
6. Budget as a Performance Appraisal Tool. As a performance appraisal tool, the budget is manifested in the form of a budget holder (executive) to the legislator. Executives' performance will be assessed based on the achievement of budget targets and the efficiency of budget execution.
7. Budget as a Motivation Tool. As a motivational tool, the budget is also used as a motivational tool for managers and staff to work economically, effectively and efficiently to achieve the targets and organizational goals that have been established.
8. Budget as Tool For Creating Public Space. As a tool for creating public spaces, the budgeting process involves a variety of interests, such as, community elements, NGOs, Universities, and other community organizations.

c. Budgetary Participation

Brownell (1982) in Eka Yuda (2013), says that participation is the process of every individual who is directly involved and influences the preparation of the budget targets. The performance of each individual will be evaluated and rewarded for achieving the established budget target.

3. Research Methods

This study analyzes the Aceh Government budget structure, particularly in the APBA budget process. Field studies are the preferred method of gathering information related to the preparation, discussion, and budgeting and publication of qanun by the Aceh Government. This information is obtained by direct observation of the research object, especially on SKPA, BAPPEDA of Aceh Government.

The process of research design is divided into several stages include:

a. Data Collection Technique

From the observations made in some strategic positions as described previously, data obtained in the form of documents related to the pattern of budget process of SKPA of Bapeda, Government of Aceh in the form of:

- Long Term Development Plan Document (RPJP) of the Region;
- Medium Term Development Plan Document (RPJM) of the Region;
- Local Government Work Plan Document;
- General Budget Policy Document;
- Budget Draft Document of Regional Revenue;
- Strategic Plan Document of Regional Revenue Budget;
- SKPD WORK document, and
- SKPD DPA document.

The data in the form of documents are then analyzed to determine the flow of budget drafting process in Aceh Government.

b. Analysis Method

The analysis done in this research using descriptive method, with qualitative approach. Descriptive method of interpreting data related to the current situation. The description of the qualitative descriptive analysis method as shown in Figure 1.



Figure 1. Qualitative Descriptive Analysis Method

c. Aceh Government Budget Mechanism

The drafting process of APBA on the Government of Aceh is structured in a mechanism starting from the preparation of RKA - SKPA by each SKPA. The preparation of the RKA is carried out after SKPA has obtained budgetary limit information for each SKPA given based on the proposed program in the year of proposal. The drafting mechanism of APBA in Aceh Government begins with the preparation of RKA-SKPA in advance by every SKPA available after obtaining budget limit for each SKPA on the proposed programs and activities for the year. Budget limits must be adhered to by each SKPA contained in KUA and PPAS documents and mutually agreed between the executive and the legislature. Regulation reference on the management of regional finances as stated in PP. 58 of 2005 on Regional Financial Management and Permendagri No. 13 of 2006 on Guidelines for Regional Financial Management. Guidelines for the preparation of the APBA include:

- Key policies that include synchronization of government policies with local governments,
- Principles and policies for the preparation of the fiscal year budget, and
- Technical preparation of APBD, and other special things.
- The KUA draft, which describes the macroeconomic conditions of the region, the assumptions of APBA formulation, regional revenue policy, regional financing policy, and its achievement strategy. The draft of PPAS is prepared with the following stages:

- Determining the priority scale of regional development,
- Define program priorities for each affair, and
- Setting up a temporary budget ceiling for each program /activity.

After the drafting of KUA and PPAS is agreed, then each agreement is set forth in the memorandum of understanding between the regional head and the DPRA. The Memorandum of Understanding is set forth in the circular of the regional head as a reference of SKPA head in preparing RKA-SKPA. RKA-SKPA that has been prepared by the head of SKPA must meet the criteria:

- Compliance with KUA, PPAS, forward-looking for RKA-SKPD last year approved last year,
- Conformity of budget plan with standard shopping analysis, standard unit price,
- Completeness of performance measurement instruments that include performance outcomes, performance indicators, target group activities, and minimum service standards, and
- Synchronize programs and activities between RKA-SKPD.

d. The Aceh Government Budget Arrangement Procedure

Procedures for the preparation of the APBN and APBA Budget presented annually by the executive. The preparation of this budget to determine the amount of fund allocation of each program and activity in monetary units. The purpose of budget preparation is to (Mardiasmo, 2011 in Damayanti, 2015):

- Helping governments achieve fiscal goals and improve coordination among sections within the government environment.
- To help create efficiency and fairness in providing public goods and services through the process of pempriority.
- Allows for the government to meet spending priorities.
- Increasing government transparency to DPRA / DPRA and the wider community.

4. RESULTS AND DISCUSSION

Analyzes on the preparation of annual APBA activities at Bapedda Aceh Province using qualitative descriptive method. The elaboration of the budgeting process of the Aceh government as described below.

a. Aceh Government Budget Structure

From the results of the analysis on the process of drafting the budget on the Government of Aceh, it can be described the structure of the activity as follows:

1. Revenue

Revenue here is the original income of the region originating from

- Local tax
- Regional Restribusi
- Results of separate regional wealth management
- Other sources are legitimate under the Act.

2. Balancing funds

- Tax-sharing (tax-sharing)
- Non-tax revenue sharing (natural resources)
- General Allocation Fund (DAU)
- Special Allocation Fund (DAK)

3. Other legitimate revenue funds

- Grants
- Emergency fund

- Tax sharing from provinces or local governments

4. Shopping

Shopping here is a routine use of funds issued by the government each year in the form of (direct expenditure)

- Spending clerks
- Flower
- Subsidies
- Grants
- Social assistance
- Profit sharing
- Financial assistance
- Unexpected

Indirect shopping

- Spending on employees
- Goods and services
- Capital

5. Surplus / deficit

Surplus or deficit here that may occur in regional financing, in the form of:

- Use of SiLPA (Yearly Remaining Budget)
- Disbursement of reserve funds
- The proceeds from the sale of separate regional assets
- Regional loan receipts
- Reception of lending
- Receipt of regional receivables

6. Regional financing expenditures

Expenditure here is done by the government on a regular basis every year in the form of:

- Establishment of a reserve fund
- Investment of local government capital / investment
- Payment of principal debt
- Regional lending

b. Mechanism of Preparation, Discussion and Determination of the APBA

The political policies, rights and obligations of the Aceh Government and the community are reflected in the APBA. Ideally, APBA is structured on the basis of:

- Performance Approach
- It is a system of budget drafting and governance that prioritizes results and activities, program activities, and cost allocations.
- APBA Planning

Is a process of interconnected stages in the preparation of documents RPJP Aceh, RPJM Aceh, Renstra SKPA, Renja SKPA, RKPA, KUA and PPAS. There are two systems in APBA drafting, and it can be said that its application is almost the same in all provinces in Indonesia. First, top down (APBA drafting mechanism is based on a number of planning documents from top to bottom). Second, bottom ups (APBA drafting mechanisms are guided by community aspirations absorbed during Stakeholder Meeting (Musrenbang) and the sequence is tiered from the bottom up.

In the APBA drafting process, the Aceh Government tries to integrate the two systems and then formulated by Bapedda Aceh before being reassembled by the Special Team for Development Controlling (TAPA team)

c. The Qanun Publishing Process in Aceh Government

After the drafting process has been finalized, the last stage of the Aceh government is to issue a regional regulation (Qanun). The formation of qanuns based on laws that include the clarity of objectives, the development of appropriate organs of formation, the type and content material is appropriate, workable, empowered and useful, clear formulation, public participation, as shown in Figure 3.

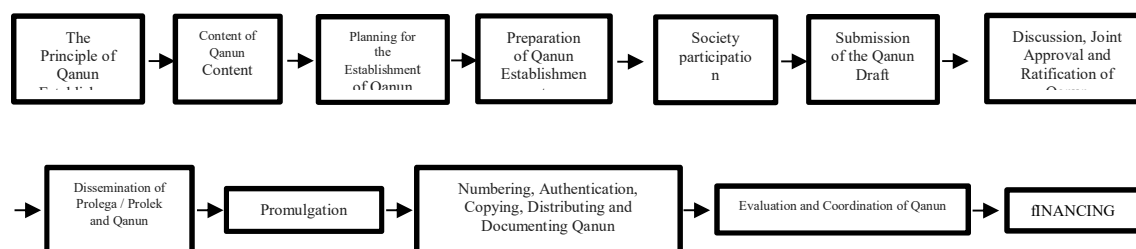


Figure 3. The Issuance Process of Qanun Aceh based on Qanun Aceh Number 5 Year 2011

5. Conclusion And Recommendation

From the above explanation, it can be concluded that the process of preparation of Aceh Regional Development Budget (APBA) at BAPPEDA office has been well implemented based on RPJP Aceh, RPJM Aceh, Renstra SKPA, Renja SKPA, RKPA, KUA and PPAS. All the stages in the process are inter-related so it is quite time-consuming during the process of preparing the document. One of the recommendations for the RPJM Aceh is that it need to elaborate in detailed of the vision, mission and program of the Head of Region so that in line with the predetermined guiding book of RPJP Aceh.

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