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# The Performance of Regional Budget Agency in Implementing Performance-Based Budgeting in Maros District- South Sulawesi

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**Abstract**—Budget has important role in the effort of increasing the performance and effects the government to effectively, efficiently, and professionally run the government system. This research aims to analyze and explain the performance of Regional Budget Agency in implementing performance-based budgeting in Maros District. The research design for this research uses qualitative method. The research result shows implementation of performance-based budgeting in Regional Budget Agency in Maros District has referred on government regulation of minister of home affairs 9, No. 21 of 2011 about guidance of regional budget management with using budget performance indicator among the input, output, outcome, and impact from every program. The finding of this research also explains that Regional Budget Agency of Maros District in implementing performance-based budgeting has not used expense standard analysis (ASB), it is a system which focuses on evaluating the appropriateness of active program and activity, this research finds that program and activity which is run on the sub division on Regional Budget Agency are still difficult in looking appropriateness of workloads and cost on an event and indicating of subjective budget determination, because there is no expense standard which eases in deciding budget organizing with measured calculation formula. In addition, this research also founds the measurement method which is used by Regional Budget Agency in deciding the activities of performance-based budgeting in Maros District Government is only based on performance report (LAKIP) as a tool that has function to measure the performance with showing the presentation of program achievements and active programs.

**Keywords**—Budget implementation, based-on Performance, Maros District

## I. INTRODUCTION

Nowadays the indication of successfulness of performance-based budgeting are service and welfare improving of better social welfare society. This situation will be happened only if public institutions are managed with considering economical, efficiency, and effective [1].

With performance approach, there are no longer programs and activities which are resulted by government institutions that do not have performance standard, therefore that will create transparency and accountability in managing the budget, the regulation of implementation of performance-based budgeting had been stated by ministerial regulation of minister of home affairs No. 13 of 2016 and was revised through regulation of minister of home affairs No. 56 of 2007 [2] about the guidance of Regional Budget management, this regulation is mentioned about the drafting of Budget Work Plan and Regional Apparatus Work Unit (RKA-SKPD). The RKA-SKPD means that the needs of the performance-based budgeting has been completed. the performance-based budgeting demands of the optimal output or expenditure which are allocated so every expenditure should be economical, efficiency, and effective. It means that there should be emphasizing on strategic control, aggregate expenditure and priority arrangement, and efficiency and effectiveness facility through delegation of the management authority with accountability for optimal result. For reaching that, the decision makers at all levels in the public sectors need more and relevant information so that it can be useful in decision making.

Remembering the importance to apply the performance-based budgeting as arranged in ministerial regulation of minister of home affairs No. 21 of 2001 [3] about about the guidance of Regional Budget management and ministerial regulation of minister of home affairs (Permendagri) No. 13 of 2006, which state that (1) every budget system prioritizes efforts to achieve performance or output from the planning of cost or input allocations, (2) based on goal and objective performances. The budget is seen as a tool to reach the objective. (3) Performance assesment is based on implementing value for money and budget effectiveness, (4) performance budget is a system that includes program arranging and performance standard as an instrument to achieve program goals and objectives.

One of the districts which has used and implemented performance-based budgeting in South Sulawesi is Maros District which was signed with local regulation of Maros District No. 2 of 2015 [5] about the planning and budgeting of integrated development. Other than that, in implementing performance-based budgeting, Maros District has applied the principle of implementing performance-based budgeting system which involves all the Regional Apparatus Organization (OPD). Budgeting of every OPD provides clear information about goals, objectives, and the relationship between the budget amount of with the benefits and results which are achieved or obtained by the society from a program or activity which is estimated. Maros District Government in creating effective governance, especially in public budgeting based on accountability, transparency and justice has made Maros District Government receiving predicate opinion of Unqualified (Audit Opinion) for four times sequentially.

Even though, Currently, Maros District is still supervised in implementing the performance-based budgeting, especially the financial performance of government agencies which their activities are funded by huge public funds with active strategic program, therefore, it is needed a system that is not only evaluates the achievement in a program but also is hoped for creating outcomes and benefit, so it is assumed a necessary thing to see the implementation of the performance-based budgeting which has been implementing by Maros District Government, South Sulawesi. Thus, this research is titled "The Performance of Regional Budget Agency in Implementing Performance-based Budgeting in Maros District- South Sulawesi"

## II. LITERATURE REVIEW

### A. The system of Performance-Based Budgeting

Performance-based Budgeting was defined as a budgeting form of association budget which is allocated for reaching measured result, a system focusing on changing the budget become a tool to maximize the efficiency and effectiveness for the state. Ministerial regulation of minister of home affairs No. 13 of 2006 [4], are 1) every budget system prioritizes efforts to achieve performance or output from the planning of cost or input allocations, (2) based on goal and objective performances. The budget is seen as a tool to reach the objective. (3) Performance assesment is based on implementing value for money and budget effectiveness, (4) performance budget is a system that includes program arranging and performance standard as an instrument to achieve program goals and objectives.

Bastian [6] said performance-based Budgeting is budgeting system that is oriented towards organizational output which is very closely related to the vision, mission and strategic plan of the organization. Based on Mardiasmo [7] basically, performance budget is a system for preparing and managing regional budgets which are oriented towards achieving results or performance. Those performances reveal efficiency and effectiveness of the public service, which is oriented on public interest.

In a system of Performance-based Budgeting, regional governments are required to include all indicators that will improve the performance, therefore, what is expected from the implementation of this budget can be achieved. The guidance indicators in implementing this budget are input, output, and outcome. The results of those indicators which are mentioned

should be measured, so it is not just how much budget which has been used but is based on the result from the performance.

From those argument, it can be concluded that performance-based budgeting is a form of budget reform not only focusing on budget absorption, but is oriented towards results and benefits so that the output will have an impact on people's welfare.

### B. The Objective of Performance-Based Budgeting

The implementation of performance-based budgeting which becomes an instrument of budget allocation to determine the priority scale of programs and activities that will be run, encourages the government institutions to improve the services qualities through the use of more responsible funds, thus, it will be easier in determining outputs and outcomes which will lead to the effectiveness and efficiency of the allocated budget. The system of performance-based budgeting also encourages the government institutions to improve service quality, through the use of more responsible funds, by taking into account the effectiveness and efficiency of program implementation. The purposes of performance-based budgeting are, (a) increasing the accountability in public services, is a measure that shows how big the level of suitability of service delivery with the measurement of external values or norms that exist in the society or is owned by the stakeholders. Values that develop in the community include, service transparency, principles of justice, guarantee of law enforcement, human rights, and orientation developed towards the service user society; (b) Increasing efficiency, because performance-based budgeting uses output measurements that link directly between costs and output, so people can know exactly, the benefits of the funds which are spent efficiently, by comparing outputs and inputs, so that it is obtained the maximum benefit from the use of limited resources (inputs) that support improvements of the efficiency and effectiveness in the utilization of resources; (c) improving the quality of government management, performance-based budgeting is a mission-driven budgeting method, which is committed to the results that is set out in strategic planning, thus management will connect every budgeting poured in programs and activities with outputs and expected results include efficiency in achieving the results of these outputs. Outputs and results are set in the performance targets in each work unit. Thus the performance-based budgeting strengthens the governance decision-making process regarding the budget policies in the medium term.

## III. RESEARCH METHODOLOGY

This study uses a qualitative approach which states that a qualitative approach is an approach or search to explore and understand a main phenomenon. In connection with the approach, the writer assumes that the problem of budgeting performance in Maros Regency is a quite complex and dynamic activity so that the data which is obtained from the resources are captured by a more natural method, in-depth interview. In addition, the writer also intends to understand the social situations and find the patterns and theories that are consistent with data which is obtained in the field. This research is located in Maros Regency, with the consideration that Maros Regency has 30 quite large of Regional Apparatus Organizations (OPD) which are the lines in the implementation of Government activities in Maros Regency.

Not only having huge number of OPD, Maros District also has received the honor of Unqualified (Audit Opinion) and

Clean and Clear which published by The Audit Board (BPK) of The Republic of Indonesia in performance-based financial management so that it is interesting for writer to analyze financial management methods are used by the region governments in the Regional Financial Management Board.

The data source used in this study is primary data in the form of informant answers to the type of subject data that is obtained in the form of opinions, attitudes, experiences and characteristics of the informants who are the subjects of the study. Furthermore, in this research, the selection of informants was done by snowball technique.

Data collection technique in this study uses in-depth interviews with the informants who understand about the performance-based budgeting in Maros. In addition, this study will use a semi-structured interview model, according to Sugiyono [8], this type of interview is included in the category of In-Dept Interview, where the implementation is more free. The purpose of this interview is to openly find out the problems.

Data analysis is a design for analyzing data that has been collected from sources, both field observations or from other sources relating to the research problem.

#### IV. RESULT S

The research relates to the performance-based budgeting at the Regional Finance Agency of Maros District, starting from formulation of the vision-mission of the Regional Financial District for the period 2016–2021 which has compiled based on the vision Regional Medium-Term Development Plan (RPJMD) of Maros District with motto “Maros is more prosperous in 2021”.

3 Based on the result of the study, it was found that the budget allocation that is managed by the Regional Finance Agency of Maros Regency was reflected in the RKA document which is an annual document and work plan as an annual development planning document within the scope of Agency for Regional Development (BAPPEDA) which is a defining of the Maros District government’s Strategic Plan. This is a medium-term development plan for 5 years period. The suitability between the Strategic Plan and the RKA’S Maros Regional Financial Agency was stated by this quotation:

*"All programs and activities are done based on derivative of strategic plans and work plan, thus RKA is the basis for implementing the programs and activities. If the strategic plan and work plan are different, the RKA will not be in synergy therefore the programs and activities that will be run are difficult to be achieved"*

The statement above states that the RKA and work plan are parts of a systematic and integrated part of the Maros Regency development planning system. Thus, all stages and documents that are produced must show a close connection between one another. The connection includes the linkages of vision and mission, programs, activities, including the achieved performance and the indicators that are used for the measurement. Therefore, the Regional Finance Agency can synchronize between the Strategic Plan established by BAPPEDA with the programs and activities which are carried out by The Regional Finance Agency of Maros Regency.

Starting from that, it can be said that the Regional Financial Agency of Maros District in allocating performance-based budgeting basically has started well, as stated by the Division Head of Budgeting of Regional Financial Agency in the interview:

*"In budget allocation, we see from the amount, it does not have to be the same. For example, from the aspect of the amount of budget allocation, we see from the benchmarks of activities, the size of activities which are executed with the outputs of these activities, and the size of the number of employees in the OPD."*

The statement above is similar to what was stated by Maria [9] she said that the form of budgeting allocated to achieve programs and activities must be measured, by looking at the size of the programs, activities, and outputs which are achieved, thus the consideration of budget allocation is very noticed in order to create justice budget and to run the programs.

As an example, the Head of Regional Finance Agency of Maros Regency said that the budget allocation in Maros Regency for training programs was budgeted lots enough because this training activity would produce large outputs and benefits in public services. The Following quotation is the results of interviews with training program staff:

*"One of the many programs which has implemented at BKD Maros is training, which is trained throughout the OPD. And the budget for activities is different from 50 millions to 150 millions, with an important output and outcome must be clear."*

Performance-based budgeting is an instrument of budget allocation to determine priority scale of programs and activities that will be run at the Regional Finance Agency, the aim is to encourage the government institutions to improve the quality of services through the use of more responsible funds, so that it will be easier in determining the results (output) and the benefits (outcomes) that will lead to the effectiveness and efficiency of the allocated budget. As stated in the Regent Regulation No. 57 of 2017 [10] about the input cost standards that have been applied in Maros Regency, which will fairly and proportionally facilitate the allocation of the budget, thus the performance will be achieved with each element of the budget allocation.

In addition, other than using the funds based on the needs of outputs and outcomes from all budget which is used, The Maros Regency Finance Agency also has been implementing the principle of transparency and accountability to see the existence of programs and activities, in spite of the patterns of budgeting which is done by Maros BKD. This can be seen from the application of integrated applications in budgeting so that people can more easily track and know the programs, activities and budget sizes which are managed by the Maros Regency Finance Agency. The quotation below is the results of interviews with BKD staff of Maros Regency :

*"All budgeting data is included in all application system of SIPP (Regional Development Planning Information System) and has been integrated into everyone who can already view the feasibility of the budget that we used, and the program of activities that will be run."*



Other than accountability and transparency, the budgeting pattern in Maros Regency also has adopted a system of society participation, as the goal of the participatory principle which states that participation is the principle that provides opportunities for the society to express the aspirations of the society to obtain prosperity. The following quotation is the result of an interview with the Division Head of Planning of the Maros Regency Financial Agency related to society aspirations through the program proposal in The Conference on Development Planning (Musrenbang) :

*"In determining the budget is run by involving the executive, legislative and society in The Conference on Development Planning (musrenbang). The involvement of this element we did in the previous year. For example this year (2018), we have budgeted it, which is in the late of this year for the determination of the budget, which is referred to as the proposal budget from the society and then budgeted for the 2019 budget year. There are more urgent priorities and needs which are more essenti included in KUA PPAS."*

Various patterns and methods have been carried out by BKD in managing the performance-based budgets to produce budgets so that the management is more effective and efficient. In managing this performance-based budget, it is possible to leave a problem, but according to the results of this research, there are still some weaknesses in budget managing, such as because of BKD in setting program activity budgets has not used the Expense Standard Analysis (ASB), ASB is a system that focuses on assessing the reasonableness of an ongoing program or activity. So far, the writer finds that the programs and activities which are run by sub-sector units in the Regional Financial Agency are still difficult in seeing a reasonable workload and cost for an activity and indicate the existence of a subjective budget determination, because there are no expense standards that make it easy to determine the preparation budget with a more scalable calculation formula. In measuring performance which is used by BKD in determining performance budgeting activities based on the Maros Regency Government, merely using the performance report (LAKIP) as a tool that functions to measure the performance with displaying the percentage of program achievements and activities which are run without considering the ASB. Apart from the problems, budget management in Maros Regency has given an impact and a better influence from the benefits of an activity. The impact indicator is an accumulation of several benefits that occur, the impact can only be seen after a while. Like the impact that has been resulted from the methods that have been produced from performance-based budget management by BKD Maros Regency, there is a reward in the form of Unqualified (Audit Opinion) by the BPK, because BKD is considered to have run the budget according to its purpose and run a systematic budgeting, through proper recording and reporting. Unqualified (Audit Opinion) has been reached by Maros Regency for four times sequentially. This thing was said by the head of BKD related to the achievement of Unqualified (Audit Opinion):

*"To achieve the reward, it is important for us to correctly run the budgeting, follow the conformity of systematic budgeting that has been set, noted and reported with applicable rules and regulations, Unqualified (Audit*

*Opinion) issued from BPK. Alhamdulillah, Maros Regency has received four Unqualified (Audit Opinion) for four years sequentially. This is really our efforts in maintaining a commitment to continue to hold a clean and accountable government."*

With the rewards through Unqualified (Audit Opinion) obtained by the Regional Financial Management Agency in Maros Regency has given a very large impact in managing effective and efficient finances. other than the rewards which are obtained by BKD from the BPK of the Maros Regency government, in this case, all the OPD have also applied rewards to all employees who have good performance. This is the right thing to do, because of a system like this will encourage employees to increase their enthusiasm for work, when the staffs do their jobs well, they will get rewards from their leader. It will absolutely give justice to employees who have the potential and competency to work. Besides the punishment system is also an inseparable part of a reward. Punishment is given to employees who have low performance in practice, such as not giving incentives or bonuses and withdrawal of work from the leadership, so that with the existence of punishment like this will be a motivation for employees to improve their performance.

## V. CONCLUSION

The conclusions of the study of government performance in performance-based budgeting on the SKPD Kab. Maros, which includes: (1) The preparation of the performance budget contained in the Maros Regency financial agency has been in accordance with the stages that have been determined in preparing the budget in carrying out programs and activities that have been prepared previously; (2) The budget allocation managed by the Maros Regency Regional Finance Agency is reflected in the RKA document which is an annual document; (3) The Regional Financial Board of Maros Regency in carrying out performance-based budgeting has an instrument in determining the priority scale of the programs and activities that will be carried out at the Regional Finance Agency, so that it can encourage government agencies to improve the quality of services through the use of more responsible funds, in determining results (outputs) and benefits (outcomes) which will lead to the effectiveness and efficiency of the allocated budget.

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