



# Management of Regional Revenue and Expenditure Budgets at the Regional Financial Management Agency

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## ABSTRACT

This research aims to find out and understand the management of the regional revenue and expenditure budget at the South Solok Regency Regional Financial Management Agency, as well as the obstacles and efforts made. The type of research carried out was descriptive-qualitative. Researchers select informants according to certain predetermined criteria. Data collection techniques in this research used observation, interviews, and documentation studies. The data analysis technique in this research was carried out using four data analysis steps, namely data collection, data reduction, data presentation, and drawing conclusions. Based on the research results, it was found that managing regional income and expenditure budgets requires four stages, namely the planning, implementation, monitoring, and evaluation stages. In the monitoring stage, there are two important roles that must be played, namely community participation and NGOs. With the active and involved participation of the community and NGOs in monitoring the implementation of regional revenue and expenditure budgets, there has been a positive increase in the accountability of regional fund management. Technical obstacles to realizing accountability in managing regional revenue and expenditure budgets in South Solok Regency. Efforts to overcome obstacles in managing regional income and expenditure budgets in the BPKD of South Solok Regency include increasing supervision through internal and external audits, active community participation, and increasing the competence of village officials and organizational commitment. By involving all relevant parties and implementing mechanisms that allow for regular monitoring and evaluation, it is hoped that better accountability can be created in managing regional income and expenditure budgets.

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## 1. Introduction

Budget management is a process that begins with preparing a work plan, including it in the budget implementation document, monitoring its realization, recording it in the government accounting system, and writing it down (Jatmiko Wahyu Prabowo et al., 2017; Kelly & Rivenbark, 2014). Budget management

has become a top priority for government decision-makers at the central and regional levels (Baldersheim & Ståhlberg, 2002; Maluka et al., 2010). Regional financial management includes planning, budgeting, implementation, administration, reporting, accountability, and supervision. Regional financial management is often considered a driver of regional financial resources (Doh & Kim, 2014; Salvador et al.,

2022). As long as they are not owned or controlled by the state, higher regions, or other parties in line with the rules set by statutes, regional finance can be thought of as all rights and obligations that can be valued in money, as well as all units of money or goods that can be used as regional wealth. Regional finance includes all rights and obligations in the context of administering regional government, which can be assessed in terms of money and all types of wealth that the region can own. In addition to following government regulations, regional finances also abide by budget laws. Each regional income and expenditure are linked and handled systematically (Dellmuth, 2011).

The regional financial management process begins with the preparation and planning of the Regional Revenue and Expenditure Budget (APBD). Through regional regulations, the regional government and the Regional People's Representative Council (DPRD) discuss and approve the APBD, which is an annual regional government financial plan. Therefore, with regional regulations and regent regulations, the APBD is a joint agreement between the government and the legislature. To achieve government goals, the community directs the preparation of the APBD. To date, various laws and legal instruments have been promulgated and implemented to develop a budget management system that can respond to the diverse demands and needs of society. The management of the Regional Revenue and Expenditure Budget (APBD) was determined by President Joko Widodo on March 6, 2019 in Jakarta, by Republic of Indonesia Government Regulation Number 12 of 2019 concerning Regional Financial Management. PP 12 of 2019 concerning Regional Financial Management was promulgated and announced in the State Gazette of the Republic of Indonesia Number 42 of 2019. An explanation of PP 12 of 2019 concerning Regional Financial Management was published in addition to the State Gazette of the Republic of Indonesia Number 6322, for everyone to know, on March 12, 2019 in Jakarta by Minister of Law and Defense Yasonna H. Laoly.

In implementing regional financial management, it is easy for the Regional Financial Management Agency to distribute the budget without thoroughly verifying the objectives of

the budget requester. This causes problems because irresponsible individuals waste the allocated funds. As a result, it is possible to say that the South Solok Regency Regional Financial Management Agency's supervision of budget disbursement is still insufficient and cause concern. Regional financial management reports that are less transparent and accountable, such as regional taxation, regional government, and official travel.

Several parties within the South Solok Regency Regional Financial Management Agency do not yet understand how to manage finances according to regulations. Considering that budget and management are political aspects, budget implementation (realization) is usually full of political considerations. Political considerations determine budget implementation. Many large local government programs cannot be implemented due to the political interests of various players. Regional leaders and the DPRD are two parties that have a direct interest in budget management. Often, regional heads and DPRD have disputes over budget management. They prioritize their interests. The regional director's perspective is different from that of the DPRD. Regional growth depends on managing budgets based on interests, not performance. Differences in interests and perspectives worsen regional financial management, so budget management is carried out without clear direction. Regarding the management of the Regional Revenue and Expenditure Budget (APBD), the South Solok Regency Regional Financial Management Agency views transparency, accountability, and participation as one of the most important benchmarks for improving regional financial management.

South Solok Regency's Original Regional Income (PAD) comes from the hotel tax, restaurant tax, entertainment tax, hoarding tax, street lighting tax, class C mineral collection tax, parking tax, underground water tax, swallow's nest tax, land tax, and building taxes, and taxes on the acquisition of land and building rights, according to the initial findings of researchers (BPHTB). Other legitimate regional original income includes sales of non-separated regional assets, current account receipts, savings interest receipts, Regional Public Service Agency (BLUD)

income, National Health Insurance (JKN) capitation fund income, and grant income. Annual regional finances, especially in South Solok Regency, are more than 1.5 trillion. Many regional expenditures utilize regional finance. Regional expenditure includes employees and allowances, additional income for civil servants, other income for DPRD leaders and members, as well as regional heads (KDH) or deputy regional heads (WKDH), and additional income for teachers.

The central government budgets village fund allocations (ADD) and village fund assistance aimed at village infrastructure, sourced from special allocation funds and general allocation funds, but the budget still comes from the South Solok Regency APBD. There is social assistance for the poor and poor grants. Apart from that, this includes assistance for ongoing scholarship completion and many other things that are budgeted for. In its implementation, the regional government still hopes to transfer funds from the center because if it only relies on PAD, of course PAD cannot run. So, a very large portion of APBD budgeting comes from the center, such as special allocation funds and general allocation funds from revenue sharing from the central government and provincial governments. The South Solok Regency APBD for the 2022 fiscal year was agreed to be IDR 931,903,844,963. Of this amount, there is an increase in the budget of IDR 12,270,335,190, or around 1.31 percent of the 2021 APBD change of IDR 919,633,509,773.

The determination of the APBD is based on the results of discussions by the commission and Regional Apparatus Organization (OPD) partners, followed by discussions by the Budget Agency with the Regional Government Budget Team (TAPD) according to the schedule of the DPRD Consultative Body. This increase was caused by the proposed 2022 APBD Regional Regulation, which mandates an increase in mandatory spending such as Special Allocation Funds (DAK) and School Operational Expenditures (BOS). The problem that occurs every year in APBD management is when the local revenue (PAD) allocated for expenditure is not realized. Then, if PAD is not met, payments for these expenses cannot be made because they come from original income (PAD). Money

transfers from the center, such as profit-sharing funds and general allocation funds (DAU), which are usually transferred at the end of the month, are sometimes late, so these delays cause delays in payments for services or projects created by partners.

This research is important so that it can be used as recommendations and input for the South Solok Regency Regional Financial Management Agency, so that it can be used as feedback in optimizing the management of the Regional Revenue and Expenditure Budget (APBD), and so that this can be used as a wise contribution to providing quality governance. Better regional financial management. By using theories and concepts associated with state administration, this research will examine and describe the control of the Regional Revenue and Expenditure Budget (APBD) at the South Solok Regency Regional Financial Management Agency.

## 2. Literature Review

### APBD Management Theory and Concepts

Management comes from the word "manage," which means to control, organize, and administer. Management is the process of carrying out certain activities using the energy of other people. Management is also a process that provides supervision over all things involved in implementing policies to achieve goals. Management is the same as management, namely organizing, mobilizing people, and directing to effectively utilize materials and facilities for a purpose. Where Management is the element in charge of controlling all sources of organizational funds, which can be utilized as a process for achieving goals (Mulia & Saputra, 2021). Management is formulated as completing a job through other people, management includes the process of planning, organizing, mobilizing, and plotting to achieve certain goals (Vaguita & Yeni, 2021). So, management is a management science that is related to the process of managing and handling things to realize the goals you want to achieve. Meanwhile, according to Admosudirjo (2002), management is the utilization and control of all resource factors, and according to him, planning is needed to complete certain goals. And the definition of management put forward by Glavič & Lukman (2007)

emphasizes that management is the process of utilizing and controlling all resource factors to achieve certain goals according to the plans that have been made.

According to Purwanto (2008), management is a series of activities carried out to achieve goals using other people as tools. Meanwhile, Terry (2010) stated that management is the same as management, where management is understood as a process of differentiating between organizing, supervising, planning, and activating by utilizing artistic knowledge to complete previously set goals. According to Soegianto (2010), management is a) the process or making of policies; b) carrying out processes or carrying out certain activities by mobilizing the energy of other people; c) the form of process in formulating policies and organizational goals; and d) the process of supervising things that are involved in implementing policies and achieving goals. Follett (2005) defines management as the art of solving a problem related to achieving goals.

According to Alshuwaikhat & Abubakar (2008), management is the same as management, namely, organizing, mobilizing, and providing direction to human efforts to utilize materials and facilities effectively to achieve the desired goals. Furthermore, Adisasmita (2009) stated that management is not just carrying out an activity but is a series of activities that include management functions such as planning, implementation, and supervision to achieve goals effectively and efficiently. Based on the definition above, it can be concluded that management is the science of management that is carried out to handle something or take care of a process to achieve a predetermined goal. Management is often associated with organizational activities in the form of organizing, planning, controlling, directing, and supervising. Several experts provide the understanding that management is a process, which is defined as efforts for a job. This process is a series that is tiered, continuous, and related to achieving the goals that have been set.

The Regional Revenue and Expenditure Budget (APBD) is a government work plan expressed quantitatively, usually in monetary units, that reflects the sources of regional revenue

and expenditure to finance regional activities and projects within one budget year. In essence, the regional budget, or APBD, is a tool for improving public services and community welfare with the goals of broad, real, and responsible regional autonomy, thereby taking into account the needs of the community and the potential of regional diversity (Mardiasmo, 2021). In the APBD, income is divided into 3 categories: regional original income (PAD), balancing funds, and other legitimate regional income. In using the budget, the revenue funds are used to develop an area within a certain time limit in the year concerned. Furthermore, expenditure is classified into four categories: regional apparatus expenditure, public service expenditure, profit sharing and financial assistance expenditure, and unsuspected expenditure. Regional apparatus expenditures are classified into 3 categories: general administration expenditures, operations and maintenance expenditures, and capital expenditures.

Financing, as stated above, is a source of regional revenue and expenditure that is intended to cover the budget deficit or as an allocation of budget surplus. Financing is grouped according to sources of financing, namely, regional revenue sources and regional expenditure sources. Sources of financing in the form of regional revenues are remaining excess from last year's budget, receipts from loans and bonds, proceeds from the sale of separated regional assets, and transfers to reserve funds, while sources of financing are in the form of regional expenditures consisting of payment of principal debts that are due, investment capital, transfers to reserve funds, and remaining over the current year's budget.

### **Theories and Concepts of Regional Financial Management**

Financial management is all forms of administrative activities carried out in the form of several stages, which include planning, storing, recording, and monitoring. This includes planning, storing, using, recording, and monitoring, which then ends with accountability (reporting) for the cycle of incoming and outgoing funds and money in an agency (organization or individual) in a certain period. It's not just an agency or organization that needs

financial management, in fact, everyone needs good financial management to support and plan every stage of achieving their future goals.

According to Mamesah in Halim (2013), regional finance can be interpreted as all rights and obligations that can be valued in money, as well as everything in the form of money or goods that can be used as regional wealth as long as it is not owned by the state or a higher region and other parties by applicable laws and regulations. According to Halim (2013), "regional financial management is a total of activities that include planning, administration, reporting, accountability, and supervision of regional finances." In the Government Regulation of the Republic of Indonesia Number 58 of 2005, regional financial management refers to all regional rights and obligations in the context of implementing regional government that can be valued in money, including all forms of wealth related to the rights and obligations of the region, within the framework of the regional income and expenditure budget. (APBD).

According to Minister of Home Affairs Regulation Number 13 of 2006 concerning regional financial management, regional finance is all regional rights and obligations within the framework of regional government administration that can be valued in money, including all forms of wealth related to the regional rights and obligations. The realization of the implementation of fiscal decentralization effectively and efficiently depends on regional financial management. Permendagri Number 13 of 2006 concerning guidelines for regional financial management no longer relies on or relies on the Regency/City regional certificate financial section (Setda), but regional work units (SKPD) are now required to prepare and report their financial position, which is then consolidated by PPKD. Regional financial management is regulated by Law Number 23 of 2014 concerning regional government. Furthermore, the provisions of Article 293 and Article 330 of Law Number 23 of 2014 concerning regional government provide a mandate to regulate regional financial management with a government regulation.

As we know, regional financial management is a total of activities that include

planning, budgeting, implementation, administration, reporting, accountability, and supervision of regional finances. Regional finances are all regional rights and obligations in the context of administering regional government, which can be valued in money, as well as all forms of wealth that can be made into regional property in connection with the regional rights and obligations. Apart from being regulated by government regulations, regional finances also follow ministerial regulations, and regional finances follow the state revenue and expenditure budget law, which is stipulated every year. The regional revenue and expenditure budgets of each region are synchronized and managed systematically.

According to Soleh and Rochmansjah (2010), the financial management indicators needed to control regional financial policies include accountability, honesty in managing public finances, transparency, control, and value for money. Accountability requires that decision-makers behave according to the mandate or trust they receive. For this reason, both in the policy formulation process and in the results of the policies that have been formulated must be accessible and communicated vertically and horizontally to the public. Regional Losses: Decreased regional wealth in the form of money, securities, and goods, which are real and definite in amount, as a result of unlawful acts, whether intentional or negligent. Regional financial management must be entrusted to staff who have high integrity and honesty so that opportunities for corruption can be minimized, which includes potential regional losses, namely an unlawful act, whether intentional or negligent, which can result in the risk of future losses in the form of reduced money, securities, and goods that are real and definite in quantity (Caiden, 2019).

Transparency is the openness of regional governments in making regional financial policies so that they can be known and monitored by the DPRD and the public. Transparency in regional financial management will ultimately create horizontal accountability between regional governments and their communities, thereby creating regional governments that are clean, effective, efficient, accountable, and responsive to the aspirations and interests of the community, which includes administration.

Administrative findings reveal that there are deviations from applicable provisions in both budget implementation and asset management, but these deviations do not result in regional losses or potential regional losses and do not reduce regional rights (shortage of revenue). does not hinder the entity's programs and does not contain elements indicative of criminal acts. Regional Revenue and Expenditures (APBD) must be frequently evaluated, namely compared between what is budgeted and what is achieved. For this reason, it is necessary to carry out a variance analysis (difference) in regional income and expenditure so that the cause of the variance can be identified as soon as possible and then anticipatory action can be taken in the future.

Indications of the success of implementing regional autonomy and decentralization are the improvement of services and better community welfare, increasingly advanced democratic life, justice, equality, and the existence of harmonious relationships between the center and the regions. Findings regarding inefficiency reveal the use of inputs with prices or quantity/quality that are higher than the standard, quantity/quality that exceeds requirements, and prices that are more expensive compared to similar procurement at the same time. Findings regarding ineffectiveness are oriented towards achieving results, namely findings that reveal activities that do not provide planned benefits or results as well as agency functions that are not optimal so that organizational goals are not achieved (Smith, 2023).

### 3. Methods

The method used in the research entitled Regional Income and Expenditure Budget Management at the South Solok Regency Regional Financial Management Agency is a descriptive qualitative research method. This research is entitled Management of Regional Income and Expenditure Budgets at the Regional Financial Management Agency of South Solok Regency. For the research to be more structured and systematic, the scope of the research is focused on managing regional income and expenditure budgets at the South Solok Regency Regional Financial Management Agency. Location selection is very important to account

for the data taken. In this research, the location taken was the South Solok Regency Regional Financial Management Agency. The reason why the researcher chose this location was that the researcher wanted to know the management of the regional income and expenditure budget at the South Solok Regency Regional Financial Management Agency.

The selection of informants as data sources in this research was based on the principle of subjects who mastered the problem, had data, and were willing to provide complete and accurate information. Informants who act as sources of data and information must meet specified requirements. Data collection techniques are the method of collecting data as well as the types and sources of data used by researchers in the research conducted. In this research, several data collection techniques were used, namely observation, interviews, and documentation studies. Testing the validity of the data can be carried out with a triangulation approach, with the possibility of making methodological breakthroughs on certain problems, which could be done, as Denzin said, with "triangulation". This method is used as a tool to test whether the research data that has been collected has differences or not, so that it can be seen whether the data is considered valid or not. Research on regional income and expenditure budget management at the South Solok Regency Regional Financial Management Agency uses two triangulation techniques to test the validity of data from field research results.

Using research data analysis techniques, in research regarding regional income and expenditure budget management at the South Solok Regency Regional Financial Management Agency, researchers used data analysis techniques, according to Miles & Huberman (2018). The data analysis technique in this research was carried out using four data analysis steps, namely data collection, data reduction, data presentation, and concluding. This is a tool that researchers use to make it simpler for them to analyze data from field research findings and draw conclusions about the research they conducted.

#### 4. Result

##### Management of the Regional Revenue and Expenditure budget at the Regional Financial Management Agency of Solok Regency

The management of regional revenue and expenditure budgets is an important aspect of regional government financial management (Savitri et al., 2019). Through effective and efficient management, local governments can allocate their financial resources to finance various development activities and community services in their area (Rahum, 2015). The management of regional income and expenditure budgets at the Regional Financial Management Agency has a very important role in realizing sustainable development and prosperity for the people of South Solok Regency. In managing the regional income and expenditure budget, the South Solok Regency Regional Financial Management Agency refers to the regional budget document called the APBD (Fauriza et al., 2018). The APBD is a document that serves as a reference for regulating all regional government revenues and expenditures in the form of money, goods, and services in the budget year (Mulia, 2021). All regional government revenues and expenditures must be budgeted in the APBD, including the capital expenditure budget (Fauriza et al., 2018). The management of the regional revenue and expenditure budget at the Regional Financial Management Agency (BPKD) is an important process in managing regional government funds and financial resources to finance public programs and activities. This budget management process includes several stages, such as planning, implementation, monitoring, and evaluation (Bawono, 2019). The following is a description of the regional revenue and expenditure budget management process at the South Solok Regency Regional Financial Management Agency.

In managing regional income and expenditure budgets, planning is an important first step (Zitri, 2022). Regional income and expenditure budget planning aims to determine the allocation of resources and financing that will be used to finance various development programs and public services in the South Solok Regency. Budget planning is carried out based on development needs and priorities that have been

determined in the Regional Medium-Term Development Plan and Regional Government Work Plan as guidelines for determining activity programs to be implemented and performance targets to be achieved. Apart from that, budget planning is also carried out by considering various aspects such as regional economic and financial conditions, community needs, and established development priorities. Regional income and expenditure budget planning must also pay attention to aspects of sustainability and efficient use of the budget and apply the principles of transparency and accountability in the use of public funds. In budget planning, community participation is also included through public consultation mechanisms to ensure that community needs and aspirations are also considered and accommodated in the use of regional budgets.

Based on interviews with community leaders and several members of the public, it can be concluded that in managing regional income and expenditure budgets at the Regional Financial Management Agency, budget planning is an important first step. Regional income and expenditure budget planning aims to determine the allocation of resources and financing that will be used to finance various development programs and public services in the South Solok Regency. The preparation of activity plans in budget planning is based on development priorities that have been determined in the Regional Medium-Term Development Plan and Regional Government Work Plan. This planning was carried out taking into account the regional government's vision and mission to realize sustainable development and prosperity for the people of South Solok Regency. Regional income and expenditure budget planning at the South Solok Regency Regional Financial Management Agency prioritizes community participation as an important aspect of increasing accountability and achieving the expected development goals. Community participation in regional budget planning at the South Solok Regency Regional Financial Management Agency has provided space for the community to participate in determining development priorities that suit their needs and aspirations.

After the planning process involving active participation from the people of South

Solok Regency has been completed, the next stage is the implementation of the regional income and expenditure budget. At this stage, the South Solok Regency Regional Financial Management Agency is responsible for allocating resources and carrying out activity programs according to the plans that have been prepared. Implementation of regional income and expenditure budgets is carried out through several steps. First, resource allocation is carried out based on priorities and needs that have been determined in regional budget planning. Then, the South Solok Regency Regional Financial Management Agency will coordinate and monitor the implementation of the activity program so that it meets the performance targets that have been set.

Based on interviews with the Head of the South Solok Regency BPKD Reporting Sub Division and NGO representatives, we can say that the South Solok Regency Regional Financial Management Agency is putting the regional income and expenditure budget into action. This includes agencies working together, being open about how the budget is being used, allocating and moving the budget based on needs and priorities, and getting help from advanced management information systems. This stage of implementing the regional income and expenditure budget functions as a concrete step in realizing directed and sustainable development in the South Solok Regency.

In the implementation stage of the regional income and expenditure budget at the South Solok Regency Regional Financial Management Agency, supervision is an important part of budget management. This is done to ensure that the allocated budget is used appropriately and effectively, following applicable regulations and policies. Supervision is carried out through several mechanisms, such as routine monitoring and evaluation of the implementation of activity programs as well as internal and external audits of regional financial management (Wasiati & Supriyanto, 2016). Supervision also involves the active participation of the community and NGOs in the process of monitoring regional budget management.

The supervision of regional revenue and expenditure budget management at the Regional

Financial Management Agency of South Solok Regency involves the participation of the community and NGOs. Community and NGO participation in monitoring regional budgets is an important aspect of achieving high transparency and accountability in the use of public funds. With the participation of the community and NGOs, it is hoped that misuse of regional budgets can be prevented. Community and NGO participation in monitoring regional budgets is the key to success in creating good accountability for the public and improving the quality of regional financial management.

In the evaluation stage, the South Solok Regency Regional Financial Management Agency carries out routine monitoring and evaluation of the implementation of program activities. The purpose of this evaluation is to ensure that the regional income and expenditure budget has been used to achieve the stated objectives. This agency makes sure that the principles of accountability and transparency serve as a guide for regional financial management through internal and external audits (Vidyasari & Suryono, 2021). Apart from that, the South Solok Regency Regional Financial Management Agency also collaborates with non-governmental organizations and NGOs in the regional budget monitoring process. This is done to actively involve the community and NGOs in monitoring and providing input regarding the use of regional budgets.

Community participation and NGOs play a significant role in managing regional income and expenditure budgets at the South Solok Regency Regional Financial Management Agency. Active participation from the community and NGOs in monitoring and managing regional funds is the key to success in creating good accountability (Riyatna & Gayatri, 2021). This participation results in strong supervision of regional fund management, increases the transparency of public policies, and improves the quality of regional financial management. Community and NGO participation can also help minimize the tendency to misuse regional funds in the South Solok Regency.

### **Obstacles in managing the Regional Revenue and Expenditure budget at the Solok Regency Regional Financial Management Agency**

Obstacles to managing the regional revenue and expenditure budget at the Solok Regency Regional Financial Management Agency can be found in several ways. One of the main obstacles is the lack of competence of the human resources involved in financial management. This research will discuss several obstacles that are often faced in managing the regional revenue and expenditure budget at the Solok Regency Regional Financial Management Agency. One of the obstacles in the planning stage is a lack of knowledge and understanding of the applicable laws and regulations for managing the regional revenue and expenditure budget (Arifin, 2018). This can result in a lack of conformity between budget plans and local government policies and objectives. The laws and regulations that apply to the management of regional revenue and expenditure budgets are very important for regional governments to understand and implement well. This will help ensure conformity between budget plans and local government policies and objectives.

Apart from obstacles in the planning stage, there are also obstacles in the implementation stage of managing the regional revenue and expenditure budget. These obstacles include, among other things, less than optimal absorption of the infrastructure budget, a low contribution of fixed assets in collaboration with third parties to increase original regional income, as well as non-compliance with statutory regulations. The lack of optimal absorption of the infrastructure budget is one of the obstacles in the implementation stage of regional revenue and expenditure budget management. This can hamper the effectiveness of the implementation of planned programs and activities, as well as interfere with the monitoring and evaluation of efficient and effective use of the budget. Several obstacles in the implementation stage of regional revenue and expenditure budget management are low absorption of the infrastructure budget, low contribution of fixed assets in collaboration with third parties to increase regional original income, as well as non-compliance with statutory regulations. South Solok BPKD stated that these three obstacles hampered the effectiveness of

implementing planned programs and activities. So that performance targets and program objectives are not achieved optimally.

At the monitoring stage, the obstacle that is often faced in managing regional revenue and expenditure budgets is the low capability and capacity of regional government human resources, especially for village governments. This can cause delays in the village fund distribution process and potentially hamper the achievement of performance targets. Regional governments need to increase the capability and capacity of human resources in terms of budget-related supervision so that they can effectively carry out their supervisory function over the management of the regional revenue and expenditure budget. Obstacles that are often encountered in monitoring budgets in local governments. Some of these obstacles include the low capability and capacity of regional government human resources, especially for village governments. Apart from that, there are also other obstacles such as low budget realization and non-compliance with statutory regulations, limited qualifications of village officials, weak financial governance, and limitations in carrying out intense and detailed supervision.

Obstacles in the budget evaluation process in local government are also something that needs to be considered. Several obstacles that are often encountered in the budget evaluation stage in regional governments include delays in budget disbursement, limited human resource capabilities, less than optimal village assistance, and unequal understanding between villages and regional governments regarding budget expenditure allocations. This causes the budget evaluation process to not run effectively and efficiently. For example, delays in budget disbursement can hamper the evaluation process because the required data is incomplete or inaccurate. In the budget evaluation stage of local government, the community is not included in the decision-making process. The public is not allowed to provide input or see firsthand how budget allocations are used. Obstacles related to budget evaluation in local governments include the low capability and capacity of human resources, limited knowledge and skills in carrying out budget evaluations, a lack of

community participation in the decision-making process, and a lack of transparency in budget management. Budget evaluation is very important in ensuring accountability and efficiency in budget management in local governments. Therefore, participation from the community and increasing the capability and capacity of local government human resources are very necessary to overcome these obstacles and improve budget evaluation that is more effective and transparent.

### **Efforts to overcome obstacles in managing the Regional Revenue and Expenditure budget at the South Solok Regency Regional Financial Management Agency**

To overcome obstacles in managing regional income and expenditure budgets at the South Solok Regency Regional Financial Management Agency, several steps can be taken. First, it is necessary to increase the competency of human resources involved in managing regional income and expenditure budgets. This can be done through training and education related to regional financial management as well as an understanding of applicable laws and regulations. The regional government of South Solok Regency has taken several steps to overcome obstacles in managing the regional income and expenditure budget. They have provided training and education to employees regarding regional financial management and understanding applicable laws and regulations. Apart from that, they have also involved community participation in the regional revenue and expenditure budget planning process, as well as strengthening internal monitoring mechanisms. Regarding community participation, this is very important because the community is the main stakeholder and has local expertise that can provide valuable input in decision-making regarding fund allocation. In addition, involving the community in budget management can increase public accountability. The public also needs to be given training and understanding regarding budget supervision so that they can play an active role in monitoring and ensuring that public funds are used effectively and efficiently. Using a participatory budgeting approach can also encourage community involvement in the decision-making process, increase community trust in local

government, and ensure that fund allocations are in line with community needs and priorities objectively.

Public participation in budget oversight has a positive impact on ensuring the effective and efficient use of public funds. Through community participation, the decision-making process regarding fund allocation can be more objective and based on community needs democratically. Community participation can also increase trust in local government and strengthen internal monitoring mechanisms within the government. Community efforts to participate in overcoming obstacles and problems in managing public funds can also increase transparency and accountability and improve the quality of services provided by local governments to the community. One of the efforts made by the community is to involve themselves in the government budget process through a participatory budgeting model. Through a participatory budgeting model, society can contribute to a more equitable distribution of resources, ensure more democratic decision-making, and encourage increased transparency and accountability in government.

## **5. Discussion**

Regional Revenue and Expenditure Budget management at the South Solok Regency Regional Financial Management Agency is the process of planning, implementing, administering, reporting, and accounting for regional finances in South Solok Regency. During the regional revenue and expenditure budget management process, the South Solok Regency Regional Financial Management Agency is responsible for developing a budget that will be used to finance service and development activities in South Solok Regency. Apart from that, the Regional Financial Management Agency must also ensure that the use of the budget is carried out by applicable laws and regulations. Based on the research results, at the budget planning stage, the South Solok Regency Regional Financial Management Agency carried out an evaluation of development needs and priorities in South Solok Regency. Apart from that, the South Solok Regency Regional Financial Management Agency also coordinates with other

work units in preparing budget plans, making income estimates, and estimating the amount of expenditure that will be needed to implement development activities. This planning was carried out taking into account the vision and mission of the regional government as well as the development priority programs of South Solok Regency.

The findings of this study are in line with those of Jimenez (2013), who found that the regional revenue and expenditure budget planning process needs to take into account the regional government's vision, mission, and priority programs. In its implementation, the South Solok Regency Regional Financial Management Agency must ensure that the use of the regional income and expenditure budget in South Solok Regency is carried out effectively and efficiently. Furthermore, after budget planning is complete, the South Solok Regency Regional Financial Management Agency will carry out the process of implementing the regional income and expenditure budget. The implementation stage of the regional income and expenditure budget involves the process of using funds from the budget plan that has been prepared. During this stage, the South Solok Regency Regional Financial Management Agency will ensure that all expenditures are carried out with high transparency and accountability. Apart from that, the South Solok Regency Regional Financial Management Agency is also responsible for supervising the use of funds so that they comply with applicable laws and regulations. Community participation is also needed in the implementation stage of regional income and expenditure budgets so that the use of funds can be accountable to the community and implement democratic principles, which include active community participation in decision-making and supervision of the implementation of development programs.

The findings of this study are in line with those of Panday & Chowdhury (2020), who discovered that implementing regional revenue and expenditure budgets that are open, highly accountable, and involve community participation will build trust and legitimacy for regional governments in budget management. The results of this research are based on the

Agency Theory that community participation in budget supervision can reduce agency problems between local government and the community so that it can improve regional government performance in budget management. Furthermore, supervision of the use of regional income and expenditure budgets in South Solok Regency needs to be carried out properly to achieve program objectives and successful regional financial management. Therefore, it is necessary to implement an effective and efficient monitoring system to ensure that regional income and expenditure budgets are used appropriately and according to predetermined plans. In terms of monitoring the implementation of the regional income and expenditure budget, the South Solok Regency BKPD involves the community and NGOs in carrying out supervision. Communities and NGOs have an important role in monitoring the use of regional income and expenditure budgets.

The results of this research are in line with research conducted by Carlitz (2013), which found that community participation in monitoring the implementation of regional income and expenditure budgets had a positive impact on increasing accountability in regional fund management. Furthermore, the role of NGOs is also in line with research conducted by Dewi and Gayatri (2019), which shows that the involvement of NGOs in monitoring the implementation of regional income and expenditure budgets makes a positive contribution to increasing accountability in regional fund management. The next stage is to evaluate the implementation of the monitoring system that has been carried out. The purpose of this evaluation is to ensure that regional income and expenditure budgets are used effectively, efficiently, and according to predetermined plans. Based on the research results, it was found that the evaluation process does not only include measuring budget performance but also involves evaluating the effectiveness and efficiency of budget monitoring. In evaluating the implementation of the monitoring system, it is necessary to know whether the participation of the community and NGOs has made a positive contribution to increasing the accountability of regional fund management.

The results of this research are in line with research conducted by O'Leary (2017), which found that evaluating the implementation of a monitoring system involving community and NGO participation could increase the level of accountability in regional fund management. Another study conducted by Sharma et al. (2015) found that evaluating the implementation of a monitoring system that involves community and NGO participation can also increase the level of transparency and integrity of regional fund management. So, it can be concluded that in managing regional revenue and expenditure budgets, four stages are required, namely the planning, implementation, monitoring, and evaluation stages. In the monitoring stage, two important roles must be played, namely community participation and NGOs. With the active and involved participation of the community and NGOs in monitoring the implementation of regional revenue and expenditure budgets, there has been a positive increase in the accountability of regional fund management.

Constraints in managing regional income and expenditure budgets at BPKD South Solok Regency can be found in several ways. One of the obstacles faced in managing the regional income and expenditure budget at BPKD South Solok Regency is limited human resources. In research conducted by Renwick et al. (2013), they found that limited human resources were one of the technical obstacles in the village. This also applies to the management of regional income and expenditure budgets in the South Solok Regency BPKD, where there are limitations in the qualifications of village officials who can manage regional income and expenditure budgets effectively. Apart from limited human resources, another obstacle to managing the regional income and expenditure budget at BPKD South Solok Regency is weak financial governance. This was found in research conducted by Li et al. (2017), where weak financial governance was a factor that influenced obstacles in the accountability of regional fund management.

Another obstacle that can be encountered in managing regional income and expenditure budgets at BPKD South Solok Regency is less than optimal assistance. The lack of maximum assistance from the village and

regional government can lead to unequal understanding between the village and the regional government regarding the allocation of budget expenditures. Unequal understanding between the village and the regional government is another factor contributing to accountability constraints in managing regional income and expenditure budgets at the South Solok Regency BPKD. In their research, Purbadharma et al. (2019) found that there are discrepancies in understanding between villages and local governments regarding several budget expenditure allocations. There is still an obstacle to accountability in managing the regional income and expenditure budget at BPKD South Solok Regency, namely the lack of supervision. Lack of supervision can open gaps for potential irregularities or misuse of regional funds. It can be concluded that there are several technical obstacles to realizing accountability in managing the regional revenue and expenditure budget in the South Solok Regency. The findings of this study are in line with those of Frumence et al. (2013), who discovered that technical challenges included slow budget disbursement, inadequate village officials' qualifications, poor financial governance, and insufficient supervision.

To overcome obstacles in managing regional income and expenditure budgets at BPKD South Solok Regency, several efforts can be made. First, it is necessary to increase the qualifications and capacity of human resources involved in managing regional revenue and expenditure budgets. This can be done through training and education that strengthens understanding and skills in financial management. The research results show that the low capability and capacity of regional government human resources, especially for village governments, is one of the obstacles to distributing village funds (Antlöv et al., 2016). Second, maximum assistance is needed from the regional government to villages in managing regional income and expenditure budgets. Intensive and continuous assistance can help villages understand and implement budget management mechanisms correctly. The research results also show that less-than-optimal village assistance is one of the obstacles to achieving accountability in budget management. Apart from that, it is also important to increase

supervision over the management of regional income and expenditure budgets at the South Solok Regency BPKD.

Improving supervision can be done by strengthening supervisory mechanisms such as internal and external audits as mechanisms that can detect potential irregularities or misuse of regional funds. The findings of this study are consistent with those of Diansari (2015), who discovered that there were barriers to accountability in BKM as a result of inadequate supervision. Additionally, Harun et al. (2021) research discovered a number of technical barriers that existed in villages to realize budget accountability, such as delays in budget disbursement and unequal understanding between villages and local governments regarding budget expenditure allocations. Third, there needs to be active participation from the community in managing the regional income and expenditure budget at BPKD South Solok Regency. Community participation can increase transparency and accountability in budget management. Community participation can be carried out through mechanisms such as village deliberations or village meetings, which involve all levels of society in making decisions regarding the village budget. According to the findings of Chirenje et al. (2013) research, achieving accountability in the management of village funds depends heavily on community understanding and participation in budget expenditure allocations.

Fourth, it is necessary to increase the competence of village officials in managing regional income and expenditure budgets. Increasing the competence of village officials will ensure that they have the knowledge and skills necessary to carry out their duties effectively and accountably. Organizational commitment is also an important factor in strengthening accountability in managing village funds. So, it can be concluded that efforts to overcome obstacles in managing regional income and expenditure budgets at BPKD South Solok Regency include increasing supervision through internal and external audits, active community participation, and increasing the competence of village officials and organizational commitment. By involving all relevant parties and implementing mechanisms that allow for regular

monitoring and evaluation, it is hoped that better accountability can be created in managing regional income and expenditure budgets.

## 6. Conclusion

The management of regional revenue and expenditure budgets requires four stages, namely the planning, implementation, monitoring, and evaluation stages. In the monitoring stage, two important roles must be played, namely community participation and NGOs. With the active and involved participation of the community and NGOs in monitoring the implementation of regional revenue and expenditure budgets, there has been a positive increase in the accountability of regional fund management. Technical obstacles to realizing accountability in managing regional revenue and expenditure budgets in South Solok Regency. Efforts to overcome obstacles in managing regional income and expenditure budgets at BPKD South Solok Regency include increasing supervision through internal and external audits, active community participation, and increasing the competence of village officials and organizational commitment. By involving all relevant parties and implementing mechanisms that allow for regular monitoring and evaluation, it is hoped that better accountability can be created in managing regional income and expenditure budgets.

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