



## Interaction of the Regional People's Representative Council (DPRD) with the Regional Government in the 2019 APBD Policy Formulation in Sidenreng Rappang Regency

Baharuddin; Sunandar

Lecturer of the Muhammadiyah Sidrap Institute of Health and Science Technology, Indonesia

Email: baharuddinandang501@gmail.com & nandaralipatada@gmail.com

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### **Abstract**

The purpose of this study was to determine the perspective of the formulation of the Regional Revenue and Expenditure Budget Draft Policy for the 2019 Fiscal Year of Sidenreng Rappang Regency. The research method used in this research is descriptive with a qualitative approach. Data/information was collected through interview techniques which were equipped with observation techniques. The technique of testing the validity of the data in this study uses a triangulation examination technique which is an examination technique in terms of criteria and credibility. The total number of informants is 16 (sixteen) people. The results of this study indicate that the Perspective of Regional Revenue and Expenditure Budget Policy Formulation for Fiscal Year 2019 in Sidenreng Rappang Regency consists of (1) Perspective of Regional Revenue Budget Formulation, (2) Regional Budget Formulation, (3) Perspective of Regional Financing Budget Formulation.

**Keywords:** *Local Government; Policy Formulation; Regional Revenue Budget Draft Policy*

### **Introduction**

The failure of the centralistic and autocratic pattern of government in the New Order era has raised collective awareness of the importance of a decentralized and democratic pattern of government. This condition was marked by the birth of reform and the fall of the New Order government. One of the reasons for the fall of the New Order regime was the domination of the central government over regional governments. As in the case of budget policy formulation, local governments do not have a significant role in the budget policy formulation process, because the budget policy process is dominated by the central government. So that budget policies in local governments do not reflect the demands of regional needs but are oriented to the interests of the central government in the regions.

Therefore, the reform movement that overthrew the power of the New Order also had an influence in the development of regional government legislation. One of these influences is the birth of Law no. 22 1999 concerning Regional Autonomy and Law no. 25 of 1999 concerning Central and Regional Financial Balance. The law is a blueprint for development to improve the administration of government which previously emphasized central government in every effort to regional development, public services, and community empowerment. The two laws introduce the concept of regional autonomy that prioritizes local democratization, strengthening public participation, equity and justice in development based on regional potential and empowerment, as well as strengthening the role of DPRD as a community representation institution in the region. This is carried out by granting autonomy rights to local governments, where local governments have the right to administer and manage their own regions. With this concept of autonomy, it is hoped that in the process of policy formulation, especially those concerning budgeting, it is possible to facilitate the regions in accelerating development according to their regional conditions and capabilities.

This participation is realized by providing space for public participation in the policy formulation process, especially regarding the budget through the Development Plan Deliberation (Musrenbang). It is through this forum that people's aspirations can be captured so that the contents of the policy are representative of the needs of the community at the local level (Portz, 1996).

The new paradigm of implementing regional autonomy in Indonesia is basically based on the principles of local democracy and good governance (Arisaputra, 2013; Mulda, 2020). With this foundation, the regional government and DPRD as local institutions are responsible for implementing regional autonomy which is the embodiment of local community representation (Gunawan, 2019). The shift of power from the center to the regions and the empowerment of the DPRD, at least have formed a separate dynamic in the interaction between the regional government and the DPRD which is often colored by conflict and also conditions with the nuances of kong-kalikong. In addition to conflicts that occur within the government system, conflicts often occur in the realm of the financial system. The regional financial system itself is regulated in Law no. 33 of 2004 concerning the Financial Balance between the Central Government and Regional Governments. Then it was confirmed through Government Regulation Number 58 concerning Regional Financial Management and Minister of Home Affairs Regulation 13 of 2006 concerning Guidelines for Regional Financial Management which subsequently became a guide in the process of formulating Regional Revenue and Expenditure Budget policies throughout Indonesia.

Usually conflicts occur at the stage of seeking an agreement to be set up as a APBD, what happens is a tug of war between the local government and the DPRD (Jumadin & Wibisono, 2021). Thus, the interests of the regional government and DPRD will receive top priority because their interests can be fought for in the final stages. Meanwhile, the results of the Musrenbang are only used as an alternative to the tug of war between the local government and the DPRD. This is because the interests of the community that are accommodated through the Musrenbang are not guaranteed to fight for them until the stage of determining the APBD policy.

The illustration above shows that community involvement in the planning and budgeting process is only a participatory formality. Community involvement in budget policy formulation is only a procedural requirement and a formality in budget preparation (Rudiana, 2016). The separation of the DPRD from the Regional Government is also intended to place the DPRD as an important and central component in carrying out government and development in the region. This is an effort to realize the principle of people's sovereignty at the regional level which is reflected in the participation of the people through representative institutions in the regions in determining government policies in the regions (Hadi et al., 2020).

People's representative institutions in a democratic government system are the most important elements, in addition to the elements of the electoral system, equal rights before the law, freedom of

expression, freedom of association and so on. In every democracy, citizens, either directly or through their elected representatives in representative institutions, should be involved in making political decisions (Tilome, 2022). Law No. 17 concerning the People's Consultative Assembly, the People's Representative Council, the Regional Representatives Council and the Regional People's Representative Council which in regulating and facilitating the relationship of the people and DPRD members through Recess and Constituent Meetings with the aim of capturing aspirations from the community to be fought for inclusion in the APBD (Regional Revenue and Expenditure Budget).

To build an ideal relationship pattern between the legislature and the executive in the sense of creating a balance between the two institutions, it really depends on the political system that is built. The more democratic the political system, the more balanced the relationship between the legislature and the executive will be (Noviati, 2016). On the other hand, the more undemocratic the political system of a country, the more two possibilities are created, namely the domination of the executive which creates an authoritarian regime and the domination of the legislature which creates political anarchy.

The executive and the legislature, two government institutions which are understood normatively have different groups of 'representation' in each institution, the executive institution representing the government while the legislative body representing the community as a representative institution. The executive institution in this case is the local government, which is often referred to as the bureaucratic elite, which is responsible for encompassing authority in all areas of government, with the exception of foreign policy, defense and security of the monetary, fiscal and religious courts.

Normatively, planning starts from RPJPD, RPJMD to RKPD and from the aspect of budgeting, General Policy and Provisional Budget Ceiling Priorities (KUA-PPAS) are made as a reference for Regional Apparatus Work Units (SKPD) in preparing Budget Work Plans (RKA). Technically, this RKA includes RKA-SKPD and RKA-PPKD. In the RKA (SKPD and PPKD) the format refers to the structure of the APBD (revenue, expenditure, and financing) which is classified according to government affairs, financial functions, organizations, programs and activities. Shopping groups (direct/indirect) are also grouped into types of shopping, shopping objects and shopping details.

In Sidenreng Rappang Regency, the process of preparing KUA and PPAS which was proposed by the executive to be discussed and set to become the 2019 Regional Budget Draft received a negative response from members of the Sidenreng Rappang Regency DPRD, with the consideration that the KUA and PPAS proposed by the executive did not reflect partiality to the community, as stated by the Chair of the Faction. Democrat DPRD Sidenreng Rappang. The DPRD considers that it is still necessary to improve KUA and PPAS to be stipulated as a Regional Budget Draft. In addition, the preparation of the budget has not followed the principles, main functions of the budget and its paradigm so that the budget prepared by the regional government does not show partiality to the general interest of the community and the region.

The budgeting process has four objectives as stated by Mardiasmo (2004), namely as follows; (1) Assisting the government in achieving fiscal goals and improving coordination between departments within the government environment; (2) Help create efficiency and equity in providing public goods and services through a prioritization process; (3) Make it possible for the government to meet spending priorities; (4) Increase the transparency and accountability of the government to the DPR/DPRD and the wider community.

With various logical considerations and the reality of the budget preparation carried out by the Sidenreng Rappang Regency Government in 2019 and on the basis of various development proposals resulting from the DPRD recess which are still not accommodated, this causes budget discussions to be sometimes hampered. The DPRD as the guardian of the regional budget said that in terms of transparency in budget preparation, the government has not been fully open so that the public and even members of the council also find it difficult to access the budget preparation process.

The interaction between the DPRD and the local government in Sidenreng Rappang Regency in the process of formulating policy formulations is characterized by dynamics, especially in the process of formulating and discussing Regional Revenue and Expenditure Budget policies. Based on the author's observations, the interaction between DPRD and local government occurs in an associative form, namely accommodative and cooperation that leads to unity of opinion. On the other hand, dissociative social interactions include competition, conflicts that lead to conflict, occasionally coloring discussion meetings, both during the discussion of the KUA-PPAS and during the discussion of the RAPBD, however, after bargaining, compromises occur in order to fight for each other's interests. so that there is a lot of criticism of the DPRD and local government due to the neglect of the interests of the 'aspirations' of the community, both those proposed through the Mesrenbang process and those proposed through the DPRD members' recess because they are not accommodated in the RAPBD.

Likewise, it is regulated in Law Number 23 of 2014 concerning Regional Government, that DPRD is an element of regional government administrators. So that the position of the DPRD is equivalent to the regional government (executive). This means that the pattern of partnership and non-supervisory relationships is carried out, including in the process of preparing and determining the APBD. When referring to some of the regulations above, ideally the DPRD and Regional Government institutions interact well in carrying out their respective functions, including in the process of discussing and determining the APBD every year. However, the facts show that there are still many regions, both provinces and regencies/cities, that set their APBD beyond the stipulated time limit. This delay can result in delays in the submission of APBD data. As a consequence, the sanction for the delay is in the form of delaying the distribution of balancing funds, and this delay can eliminate the opportunity for regions to obtain regional incentive funds as stated in Government Regulation Number 58 of 2005 concerning Regional Financial Management.

Then it is clarified in the Minister of Home Affairs Regulation Number 13 of 2006 it is stated that the Regional Revenue and Expenditure Budget (APBD) is the basis for regional financial management for a period of 1 (one) fiscal year and is stipulated no later than 1 (one) month before the relevant fiscal year is implemented. . The deadline for determining the APBD should be a reference for the regions in the APBD preparation process.

To find out more deeply the interaction of DPRD and local government in the process of formulating APBD policies for Fiscal Year 2019 and the determinant factors that influence actors in the process of formulating regional budget policies, the authors have conducted research with an objective field experiment approach. This research was conducted in Sidenreng Rappang Regency, South Sulawesi Province.

## **Methods**

The type of research used is descriptive with a qualitative approach, which provides an overview of the interaction between the DPRD and the local government in the process of formulating the Regional Revenue and Expenditure Budget of Sidenreng Rappang Regency for the 2019 Fiscal Year. The local government is in the process of formulating the 2019 Fiscal Year APBD policy in Sidenreng Rappang Regency. This study uses a qualitative method. Researchers are involved as a key instrument. The involvement of researchers as a key instrument is the totality of body and soul in observing, asking, tracking, interpreting and analyzing everything that happens at the research location. Researchers try to record what they see and think and feel through words. The total number of informants is 16 (sixteen) people. Data/information was collected through interview techniques which were equipped with observation techniques. The data collected was analyzed by using qualitative analysis techniques, namely interactive analysis models, then the results of the analysis were presented in the form of a narrative.

## Results and Discussion

### Perspective of Regional Revenue Budget Policy Formulation

As one of the embodiments of the implementation of Law Number 23 of 2014 concerning Regional Government, Article 311 states that, regional heads are required to submit a Draft Regional Regulation on Regional Revenue and Expenditure Budgets accompanied by explanations and supporting documents to the DPRD, in accordance with the time determined by the provisions. laws and regulations to obtain mutual consent.

The Sidenreng Rappang Regency Revenue Budget proposed in the 2019 Fiscal Year APBD is still guided by the basic budget with several revenue target adjustments according to the results of the evaluation of revenue realization up to the first semester of the current year and the projected best performance achievement that can be received in 2019. The proposed revenue in the 2019 APBD is based on the assumption of better economic growth than the previous year, the addition of a Balancing Fund and Other Legitimate Regional Income and all regional apparatus organizations (OPD) that manage revenue to work optimally to intensify the management of regional revenue sources according to their authority. each.

The formulation (formulation) of the General Policy on Budget and Priorities and Temporary Budget Ceiling as well as the 2019 Sidenreng Rappang Regency RAPBD, which has been mutually agreed upon between the Regional People's Representative Council and the Sidenreng Rappang Regency Regional Government. In compiling the 2019 RAPBD, referring to the Government Work Plan (RKP) 2018 is the elaboration of the fifth year of the implementation of Presidential Regulation Number 2 of 2015 concerning the 2015-2019 National Medium-Term Development Work Plan (RPJMN) which contains targets, policy directions, and development strategies. The preparation of the RKP is an effort to maintain the continuity of planned and systematic development carried out by each and all components of the nation utilizing various available resources in an optimal, efficient, effective and accountable manner with the ultimate goal of improving the quality of human life and society in a sustainable manner. To provide a comprehensive picture of regional income for the 2019 fiscal year based on the revenue management work unit and the amount of income that is the responsibility of the work unit, it can be seen in Table 1 below:

Table 1. Regional Revenue Targets Based on Regional Apparatus Work Units for Fiscal Year 2019

No.	Regional Warfare Task Force	Income	(%)
01	Education and Culture Office	35.000.000	
02	Health & Population Control Office	20.686.568	
03	Nene Mallomo Hospital	41.430.000.000	
04	Arifin Nu'mang Hospital	25.778.896.000	
05	Department of Public Works and Spatial Planning	2,680,694,000	
06	Water Resources Management Agency	100.000.000	
07	Department of Public Housing, Residential Areas	45.479.336.000	
08	National Unity and Political Bodies	2.339.704.000	
09	Satpol PP and Fire Department	9.375.663.000	



10	Social Service of Population and Civil Registry	6.470.209.000	
11	Regional Disaster Management Agency	2.733.465.000	
12	Office of Community Empowerment, Villages, Women and Child Protection	9.102.985.000	
13	Communication and Informatics Service	392.740.000	
14	Office of Cooperatives, MSMEs, Manpower & Transmigration	10.160.123.000	
15	Investment Office and PTSP	3.005.716.000	
16	Youth, Sports and Tourism Office	45.750.000	
17	Library and Archives Office	2.706.642.000	
18	Department of Agriculture, Food Security and Fisheries	163.310.000	
19	Department of Trade	7.277.458.000	
20	General Government Section	486.686.000	
21	People's Welfare Section	12.740.375.000	
22	Cooperation Section	318.876.000	
23	Economy and Natural Resources Section	559.138.000	
24	Development Section	304.700.000	
25	Goods & Services Procurement Services Section	559.612.000	
26	Organization Section	571.703.000	
27	Legal Section	364.900.000	
28	General Section	12.245.166.000	
29	SKPKD	1.133.453.393.000	
45	Regional Financial Management Agency	41.916.844.000	

Source: Finance Department of the Regional Secretariat, 2018

From Table 5.1 above, it shows that the largest source of income is SKPKD, which is Rp. 1,133,453,393,000, then the Public Housing and Settlement Area Service is Rp. 45,479,336,000.- and in third place is the Regional Financial Management Agency, which is Rp. 41,916,844,000. -. Regional income for the 2019 Fiscal Year is planned to decrease when compared to the target set in the previous year because this target is prepared based on certainty and prudence, taking into account the capacity of the community and national and regional conditions. In its implementation and implementation, the principles of transparency, accountability and simplification of the process of determining regional taxes and regional levies are based on the provisions stipulated in Law Number 28 of 2009 concerning Regional Taxes and Regional Levies.

Transparency and simplification of the process of determining regional taxes and regional retributions are alternative steps that will be developed and improved in fostering a sense of closeness and responsibility between the community as taxpayers and levies and the regional government of Sidenreng Rappang Regency. To optimize regional income for the 2019 fiscal year, various efforts that have been made in previous years are still being intensified.

### **Perspective of Regional Budget Policy Formulation**

The Regional Expenditure Policy in the 2019 Fiscal Year APBD continues to pay attention to the achievement of the performance targets of each program and activity aimed at increasing budget planning accountability and clarifying the effectiveness and efficiency of budget use. Programs and activities must provide clear and measurable information and have a direct correlation with the expected outputs of the said programs and activities in terms of indicators, benchmarks and performance targets.

Regional Expenditures in the 2019 Fiscal Year APBD are budgeted at Rp. 1,279,670,874,000, - a decrease of Rp. 330,986,080,000,- or (20.54%) from the 2018 Fiscal Year APBD of Rp. 1,610,656,954,000.-

### **The Main Problems of Regional Expenditure**

The main problem with regional spending in the preparation of the 2019 Fiscal Year Budget Draft is the existence of a budget cut policy, as well as limited funds to support regional development priorities, so that there are priority programs and activities that have not been accommodated in the 2019 Fiscal Year APBD.

### **Regional Expenditure General Policy**

The 2019 Fiscal Year APBD is carried out to adjust to economic developments that occur, both on a macro scale and changes in regional fiscal conditions. These changes resulted in the need to evaluate the implementation of activities so that they can still optimize regional development targets. In accordance with the guidelines for the preparation of the APBD for the 2019 Fiscal Year, this still refers to the structure of regional expenditures as in the basic budget, which is divided into two expenditure groups, namely indirect expenditures and direct expenditures.

Based on the General Budget Policy for the 2019 Fiscal Year, regional spending policies can be explained as follows:

#### **Indirect Shopping**

Indirect expenditure budgeting takes into account the following matters:

##### **(a) Employee Expenditure**

(1) Budgeting for the basic salary and allowances for Regional Civil Servants (PNSD) is adjusted to the provisions of the legislation and takes into account the plan to increase the basic salary and allowances for PNSD as well as the provision of the thirteenth salary and fourteenth salary; (2) Budgeting for personnel expenditures for the needs of appointing PNSD candidates according to the 2019 employee formation; (3) Budgeting for employee expenditures for the need for periodic salary increases, promotions, family allowances and employee transfers by taking into account access of a maximum amount of 2.5% (two point five percent) of the total employee expenditure for basic salary and allowances; (4) Budgeting for the implementation of health insurance for regional heads/deputy regional heads, leaders and members of DPRD and PNSD is charged to the 2019 Fiscal Year APBD based on Law Number 40 of 2004 concerning the National Social Security System, Law Number 24 of 2011 concerning Social Security Administration Agency (BPJS) and Presidential Regulation Number 12 of 2013 concerning Health Insurance as amended several times, most recently by Presidential Regulation Number 19 of 2016 concerning the Second Amendment to Presidential Regulation Number 12 of 2013 concerning Health Insurance. In this regard, the provision of a budget for the development of the coverage of the

implementation of health insurance for regional heads/deputy regional heads, leaders and members of the DPRD and PNSD outside the scope of the implementation of health insurance provided by BPJS, is not allowed to be budgeted in the APBD; (5) Budgeting for the implementation of work accident and death insurance for PNSD is charged to the APBD by referring to Government Regulation Number 70 of 2015 concerning Work Accident Insurance and Death Insurance for State Civil Apparatus Employees. Budgeting for the implementation of work accident and death insurance for regional heads/deputy regional heads as well as leaders and members of the DPRD, is charged to the APBD in accordance with those applicable to employees of the State Civil Apparatus in accordance with the provisions of the legislation; (6) Budgeting for additional PNSD income must take into account the regional financial capacity with the approval of the DPRD in accordance with the mandate of Article 63 Paragraph (2) Government Regulation Number 58 of 2005. The policy and determination of the criteria shall be determined in advance by a regional head regulation as stipulated in Article 39 of the Minister of Home Affairs Regulation. Ministry of Home Affairs Number 13 of 2006, as amended several times, most recently by Regulation of the Minister of Home Affairs Number 21 of 2011; (7) Budgeting for Incentives for Collection of Regional Taxes and Levies is guided by Government Regulation Number 69 of 2010 concerning Procedures for Granting and Utilizing Incentives for Collecting Regional Taxes and Levies; (8) Professional Allowance for PNSD Teachers, Additional Income for PNSD Teachers, and Special Allowances for PNSD Teachers in Special Regions sourced from the APBN for Fiscal Year 2019 through Non-Physical DAK are budgeted in provincial and district/city APBD in the Indirect Expenditure group, type of Personnel Expenditure, the object of Salary and Allowances, and details of the object of expenditure in accordance with the relevant account code.

(b) Interest expenditures for regions that have an obligation to pay interest on loans, whether short-term, medium-term, or long-term, are budgeted for in the 2019 Fiscal Year APBD.

(c) Subsidy Expenditures Regional Governments may budget for subsidy expenditures for certain companies/institutions that provide public services, among others in the form of public service obligations (Public Service Obligations). The subsidy expenditure is only given to certain companies/institutions so that the selling price of their products is affordable for people with limited purchasing power. Certain companies/institutions that are given a subsidy produce products that are basic needs and concern the livelihood of many people. Before the subsidy expenditure is budgeted in the APBD for Fiscal Year 2019, the company/institution receiving the subsidy must first be audited in accordance with the provisions for examining the management and responsibility of state finances as regulated in Article 41 of the Regulation of the Minister of Home Affairs Number 13 of 2006, as amended several times, lastly by Regulation of the Minister of Home Affairs Number 21 of 2011. Regional governments can provide subsidy expenditures to BUMDs implementing the Drinking Water Supply System by referring to the Minister of Home Affairs Regulation Number 70 of 2016 concerning Guidelines for Providing Subsidies from Regional Governments to BUMDs Organizing Drinking Water Provision. In the event that the regional head decides that the tariff is lower than the proposed tariff proposed by the Board of Directors of the BUMD implementing the Drinking Water Supply System (SPAM), which results in the average tariff not achieving full cost recovery and after obtaining approval from the supervisory board, the regional government must provide subsidies to cover the shortfall through the APBD, as regulated in the Minister of Home Affairs Regulation Number 70 of 2016.

(d) Grants and Social Assistance Expenditures. Budgeting for grant and social assistance expenditures sourced from the APBD is guided by the Regional Head Regulation which regulates the procedures for budgeting, implementation and administration, accountability and reporting as well as monitoring and evaluation of grants and social assistance, which has been adjusted to Article 298 Paragraph (4) and Paragraph (5) Law Number 23 of 2014 and Regulation of the Minister of Home Affairs Number 32 of 2011 concerning Guidelines for Providing Grants and Social Assistance Sourced from the Regional Budget, as amended several times, most recently by Regulation of the Minister of Home Affairs Number 14 of 2016 concerning the Second Amendment to Regulation Minister of Home



Affairs Number 32 of 2011 concerning Guidelines for Grants and Social Assistance Sourced from APBD, as well as other laws and regulations in the field of grants and social assistance.

(e) Tax Revenue Sharing Expenditure

(1) The budgeting of regional tax revenue-sharing funds sourced from provincial government revenues to district/city governments is guided by Law Number 28 of 2009. The amount of allocation of regional tax revenue-sharing funds sourced from provincial government revenues is budgeted on a gross basis, as intended by Article 17 Paragraph (3) Government Regulation Number 58 of 2005. The procedure for budgeting the regional tax revenue-sharing funds takes into account the planned regional tax revenue in the 2019 Fiscal Year, while the exceeding of the 2018 Fiscal Year target that has not been realized to the district/city government is accommodated in the amendment to the 2019 Fiscal Year APBD or included in the LRA for local governments that do not make changes to the 2019 Fiscal Year APBD; (2) The budgeting of revenue-sharing funds originating from regional levies is prohibited from being budgeted in the 2019 Fiscal Year APBD as intended by Article 94 of Law Number 28 of 2009 and Article 18 Paragraph (2) of Government Regulation Number 58 of 2005; (3) In the context of implementing Article 72 Paragraph (1) letter c and Paragraph (3) of Law Number 6 of 2014 concerning Villages and Article 97 of Government Regulation Number 43 of 2014 concerning Implementing Regulations of Law Number 6 of 2014 concerning Villages as already amended by Government Regulation Number 47 of 2015 concerning Amendments to Government Regulation Number 43 of 2014 concerning Implementing Regulations of Law Number 6 of 2014 concerning Villages, the district/city government budgets the expenditure of part of the Regional Tax Results and Regional Levies to the village government at least a minimum of 10% of local taxes and levies for districts/cities. The procedure for budgeting the regional tax revenue-sharing funds takes into account the planned regional tax revenue and levies in the 2019 fiscal year, while the 2018 budget year target exceedances that have not been realized to the village government are accommodated in changes to the 2019 budget year budget or included in the LRA for local governments that do not make changes to the 2019 Fiscal Year APBD; (4) From the technical aspect of budgeting, regional tax revenue-sharing expenditures from the provincial government to district/city governments and regional tax sharing and retribution expenditures from district/city governments to village governments in the APBD must be described in a list of names of district/city governments and the village government as the recipient as the details of the object of the recipient of the regional tax and regional levies according to the account code concerned.

(f) Financial Aid Shopping

(1) Expenditures of financial assistance from regional governments to other regional governments can be budgeted in the APBD in accordance with the regional financial capacity after the expenditure allocations required by laws and regulations are fulfilled by the regional governments in the APBD for Fiscal Year 2019. The expenditures for financial aid must be based on considerations to overcome the fiscal gap, assist the implementation of regional government affairs that are not available and/or receive benefits from the provision of financial assistance, as well as in the framework of inter-regional cooperation according to the financial capacity of each region. The provision of financial assistance can be general and specific. Financial assistance of a general nature is used to address fiscal gaps by using formulas including variables: regional income, population, number of poor people and area determined by regional head regulations. Special financial assistance is used to assist the achievement of priority program performance of the regional government receiving financial assistance in accordance with the government affairs under the authority of the recipient of the assistance. The use of special financial assistance is determined in advance by the aid provider; (2) Financial assistance to political parties must be allocated in the APBD for Fiscal Year 2019 and budgeted for the type of financial aid expenditure, the object of spending on financial assistance to political parties and details of the object of expenditure for the name of the political party receiving financial assistance. The amount of budgeting for financial assistance to political parties is guided by Government Regulation Number 5 of 2009 concerning

Financial Assistance to Political Parties and Minister of Home Affairs Regulation Number 77 of 2014 concerning Guidelines for Calculation, Budgeting in the Regional Budget and Orderly Administration of Submission, Distribution and Accountability Reports for the Use of Assistance Political Party Finances as amended by Minister of Home Affairs Regulation Number 6 of 2018 concerning Amendments to Regulation of the Minister of Home Affairs Number 77 of 2014 concerning Guidelines for Calculation, Budgeting in the Regional Budget and Orderly Administration of Submission, Distribution and Accountability Reports on the Use of Political Party Financial Aid; (3) In the framework of implementing Article 72 Paragraph (1) letter b and Paragraph (2) of Law Number 6 of 2014 and Article 95 of Government Regulation Number 43 of 2014 as amended by Government Regulation Number 47 of 2015, district/city governments must budgeting the allocation of funds for traditional villages and villages received from the APBN in the type of expenditure of financial assistance to the village government in the Regency/Municipal APBD for the 2019 Fiscal Year to finance the administration of government, development as well as community and community empowerment. In addition, the district/city government must budget the Village Fund Allocation (ADD) for the village government in the type of financial aid spending to the village government at least 10% of the balancing funds received by the district/city in the 2019 Fiscal Year APBD after deducting DAK as regulated in Article 72 Paragraph (4) and Paragraph (6) of Law Number 6 of 2014 and Article 96 of Government Regulation Number 43 of 2014 as amended by Government Regulation Number 47 of 2015. Furthermore, provincial and district/city governments may provide financial assistance other matters to the village government, as regulated in Article 72 Paragraph (1) letter e of Law Number 6 of 2014 and Article 98 of Government Regulation Number 43 of 2014 as amended by Government Regulation Number 47 of 2015. From the technical aspect of budgeting, in the APBD the financial aid provider, the expenditure of the financial aid must be described in a list of names of the village government as the recipient ma financial assistance as details of the object of the recipient of financial assistance according to the account code concerned. In the context of optimizing and effectively distributing funds from the regional general treasury account to the village treasury account, the Regional Government as the shareholder/controlling capital can channel it through BUMD Bank Financial Institutions.

#### (g) Unexpected Expenditure

Budgeting for unexpected expenditures is carried out rationally by considering the realization of the 2018 fiscal year and the possibility of activities that are unpredictable in nature, beyond the control and influence of the regional government. Unexpected expenditures are expenditures to fund activities that are unusual in nature or are not expected to occur repeatedly, such as the need for disaster emergency response, natural disaster management and social disasters, other urgent needs that are not accommodated in the form of programs and activities in the 2019 fiscal year, including refunds for excess regional revenue in previous years.

#### **Direct Shopping**

Direct expenditure budgeting in the context of implementing regional government programs and activities pays attention to the following: Direct expenditure budgeting is set forth in the form of programs and activities, the benefits of whose performance achievements can be felt directly by the community in the context of improving the quality of public services and taking the local government's side to the public interest. The preparation of the expenditure budget for each program and activity for mandatory government affairs related to basic services is determined by Minimum Service Standards (SPM) and is guided by technical standards and regional unit prices in accordance with the provisions of laws and regulations. The preparation of the budget for each program and activity for mandatory government affairs that are not related to basic services and selected government affairs is guided by the analysis of expenditure standards and regional unit price standards.

### Employee Expenditure

(1) In order to improve the efficiency of regional budgets, the budgeting of honorariums for PNSD and Non PNSD takes into account the principles of decency, fairness, rationality and effectiveness in achieving program and activity targets in accordance with the needs and timing of activities in order to achieve the performance targets of the activities in question. In this regard, the provision of honorarium for PNSD and Non PNSD is limited and is only based on the consideration that the existence of PNSD and Non PNSD in activities really has a real role and contribution to the effectiveness of the implementation of the activities referred to by taking into account the provision of additional income for PNSD in accordance with the aforementioned provisions in point a.1) f), Provision of Incentives for Collection of Regional Taxes and Levies in accordance with the provisions referred to in point a.1).g); (2) An activity is not allowed to be described only into the type of personnel expenditure, the object of honorarium expenditure and the details of the object of expenditure for the honorarium of PNSD and/or Non-PNSD. The amount of honorarium for PNSD and non-PNSD in activities is determined by a decision of the Regional Head.

### Budget Surplus/Deficit

The APBD surplus or deficit is the difference between the regional revenue budget and the regional expenditure budget; (1) In the event that the APBD is estimated to be in surplus, it can be used to finance the payment of principal installments on maturing debts, regional capital participation (investment), formation of reserve funds, and/or providing loans to the central government/other Regional Governments and/or funding for increased expenditures. social Security. The funding for the increase in social security expenditure is realized in the form of basic community service programs and activities that are budgeted at the SKPD which are functionally related to their duties to carry out these programs and activities; (2) In the event that the APBD is estimated to be in deficit, the Regional Government determines the receipt of financing to cover the deficit, which is sourced from the excess remaining from the calculation of the previous budget year, the disbursement of reserve funds, the proceeds from the sale of separated regional assets, regional loans and other financing receipts in accordance with the provisions. legislation; (3) In the event that the Regional Government makes a loan, the Regional Government is obliged to guide the determination of the maximum limit for the cumulative amount of regional loans determined by the Minister of Finance.

In accordance with the mandate of Law Number 17 of 2003 concerning State Finances, the 2019 Sidenreng Rappang Regency APBD was prepared using an integrated budgeting system (unified budget), which integrates performance based budgeting with a medium-term program framework and financial standards. Government.

In the process of formulating the Regional Revenue and Expenditure Budget for the 2019 Fiscal Year, prior to its preparation, the Provisional Budget Priority and Ceiling (PPAS) was first set, which contained the objectives and basis for the preparation of PPAS, the plan for Regional Expenditure Priority Revenue and Financing Revenue, and the Temporary Budget Ceiling based on Government affairs and programs/activities as well as Regional Financing plans, then agreed in a Memorandum of Understanding between the executive and legislative parties signed jointly which will become a reference for the budget ceiling for each Regional Apparatus Organization (OPD) in compiling and elaborating into programs and activities which are further elaborated into the Regional Revenue and Expenditure Budget for the 2019 Fiscal Year.

Prior to the preparation and stipulation of the 2019 Fiscal Year APBD, adjustments were made to the determination of Temporary Budget Priorities and Ceilings which were the reference for all Regional Apparatus Organizations (OPD) to prepare RKA-OPD which were accommodated in programs and activities. Thus, the Priority and Temporary Budget Ceiling which become the benchmark for the maximum budget limit given to the OPD become a reference in the preparation of the Budget Work Plan

(RKA) which first takes into account regional expenditures. The regional expenditure plan for Sidenreng Rappang Regency in the 2019 Fiscal Year APBD can be seen in Table 2 below:

Table 2. Regional Expenditure Plan for Sidenreng District Rappang APBD for Fiscal Year 2019.

No.	Description	Amount of Shopping
1	<b>Indirect Shopping</b>	
	-Employee Shopping	507,191,984,000.00
	-Flower Shopping	2,654,000,000.00
	-Grant Spending	7,272,111,000.00
	-Social Aid Shopping	0
	-Revenue Sharing Expenditure to Provinces/Regencies/Cities and Village Governments	2,878,886,000.00
	-Financial Aid Expenditure to Provinces/Regencies/Cities and Village Governments	133,291,143,000.00
	-Aid Shopping to Political Parties	838,402,000.00
	-Financial Aid Expenditure transfer funds to villages	65,498,274,000.00
	-Unexpected Shopping	5,000,000,000.00
	<b>Total</b>	<b>658,288,124,000.00</b>
2	<b>Direct Shopping</b>	
	- Employee Shopping	44,935,026,000.00
	- Shop for Goods and Services	294,731,286,000.00
	- Capital Expenditures	281,716,438,000.00
	<b>Total</b>	<b>621,382,750,000.00</b>

Source: Bappeda of Sidenreng Rappang Regency in 2018

The main problem with regional spending in the preparation of the Draft APBD for Fiscal Year 2019 is the existence of a budget cut policy, as well as limited funds to support regional development priorities, so that there are priority programs and activities that have not been accommodated in the 2019 Fiscal Year APBD. the decision of the minister of home affairs regarding the accountability of financing as well as the forms used to fill out the budget plan of the special work unit for financing. The regional budget allocations based on SKPD can be seen in Table 3 below.

Table 3. Regional Expenditure Allocation by Regional Apparatus Organization for Fiscal Year 2019.

No.	Regional Apparatus Organization	Income	(%)
01	Education and Culture Office	422,685,695,000	
02	Health & Population Control Office	119,614,787,000	
03	Nene Mallomo Hospital	68,112,550,000	
04	Arifin Nu'mang Hospital	46,364,609,000	
05	Pu and Spatial Planning Office	115,934,229,000	
06	Water Resources Management Agency	25,894,666,000	
07	Department of Public Housing, Residential Areas	45,479,336,000	
08	National Unity and Political Bodies	2,339,704,000	
09	Satpol PP and Fire Department	9,375,663,000	
10	Population Social Service and Capil	6,470,209,000	
11	Regional Disaster Management Agency	2,733,465,000	
12	Office of Community Empowerment, Villages, Women and Child Protection	9,102,985,000	
13	Communication and Informatics Service	11,598,277,000	

14	Office of Cooperatives, MSMEs, Manpower and Transmigration	10,160,123,000	
15	Investment Office and PTSP	3 3,005,716,000	
16	Youth, Sports & Tourism Office	9,028,779,000	
17	Library and Archives Office	2,706,642,000	
18	Department of Agriculture, Food Security & Fisheries	38,828,030,000	
19	Department of Trade	7 10,508,712,000	
20	General Government Section	486,686,000	
21	People's Welfare Section	12,740,375,000	
22	Cooperation Section	318,876,000	
23	Economy and Natural Resources Section	559,138,000	
24	Development Section	304,700,000	
25	Goods and Services Procurement Services Section	559,612,000	
26	Organization Section	571,703,000	
27	Legal Section	611,530,000	
28	General Section	12,245,166,000	
29	Setda Finance Department	10,385,947,000	
30	DPRD Secretariat	29,068,881,000	
31	SKPKD	1,133,453,393,000	
32	Inspectorate	6,877,190,000	
33	BAPPEDA	9,145,970,000	
34	Regional Financial Management Agency	26,717,250,000	
35	Personnel, Education & Regional Office	5,317,541,000	
36	Kec. Panca Lautang	4,227,527,000	
37	Kec. Tellu Limpoe	6,624,662,000	
38	Kec. Watang Pulu	6,597,400,000	
39	Kec. Baranti	5,891,380,000	
40	Kec. Panca Rijang	5,562,399,000	
41	Kec. Kulo	1,757,189,000	
42	Kec. Maritengngae	7,790,252,000	
43	Kec. Watang Sidenreng	4,368,758,000	
44	Kec. Dua Pitue	3,288,426,000	
45	Kec. Pitu Riawa	3,545,013,000	
46	Kec. Pitu Riase	3,066,986,000	
<b>J u m l a h</b>		<b>1,279,670,874,000</b>	

Source: Finance Section of the Regional Secretariat, 2018.

Based on the table above, the highest Regional Expenditure according to the Organization of Regional Apparatus for the 2019 Fiscal Year was spent on SKPD. The problem of financing is that it has not been regulated in the decision of the Minister of Home Affairs regarding the accountability of financing as well as the forms used to fill out the budget plan of the special work unit for financing.

### Perspective of Regional Financing Budget Policy Formulation

#### Financing Formulation

Based on the Regulation of the Minister of Home Affairs Number 13 of 2006 concerning Guidelines for Regional Financial Management as amended several times, the latest by Regulation of the



Minister of Home Affairs Number 21 of 2011 which was then followed up with Regulation of the Minister of Home Affairs Number 33 of 2018 concerning Guidelines for Preparation of the APBD for Fiscal Year 2019, then in the Sidenrang Rappang Regency APBD for the 2018 Fiscal Year, it is a regional financial transaction to meet needs in order to cover the budget deficit or take advantage of the budget surplus.

Regional Financing which consists of Financing Receipts and Expenditures, specifically regarding Financing Receipts which include the Remaining Calculation of the Budget for the previous Fiscal Year (SiLPA), Disbursement of Reserve Funds, Sales of Separated Regional Assets, Regional Loan Receipts, Receipt of Loans and Receipts of Regional Receivables . Meanwhile, on the side of Financing Expenditures which consist of the Establishment of Reserve Funds, Regional Equity Participation (Investment), Payment of Principal Debt and Regional Loans, basically, it is provided to accommodate Regional Government policies in terms of plans to allocate investment funds or equity participation in companies. Area.

Besides that, it is also provided to allocate funds in the context of fulfilling the obligation to pay the principal debt that will mature in the relevant fiscal year. The composition of the said Financing Section and the allocation of funds are as listed in Table 5.4 below:

Table 4. Structure and Targets of Regional Financing in Amendments to the Regional Budget for the 2018 Fiscal Year

<b>N0</b>	<b>Types of Financing</b>	<b>2018</b>	<b>2019</b>	<b>Increase/ (Decrease)</b>	<b>%</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5 (4-3)</b>	<b>6</b>
3.1	Regional Financing Receipts	10.599.321.000	10.599.321.000	0	0
3.1.1	Remaining More Budget Calculations of the Previous Fiscal Year	10.599.321.000	10.599.321.000	0	0
3.2	Regional Financing Expenditures	2.279.000.000	5.254.000.000	2.975.000.000	130,53
3.2.2	Local Government Capital Participation (Investment)	0	1.500.000.000	1.500.000.000	0
3.2.3	Principal Payment of Debt	2.279.000.000	3.754.000.000	1.475.000.000	0,64
	<b>Sum</b>	<b>8.320.321.000</b>	<b>5.345.321.000</b>	<b>(2.975.000.000)</b>	<b>(35,75)</b>

Source: Secretariat of DPRD Sidenreng Rappang, Year 2018

Based on secondary data obtained from the Secretariat of the DPRD Sidenreng Rappang Regency, the main problem of financing is that it has not been regulated in the Decree of the Minister of Home Affairs concerning Financing Accountability and the forms used to fill out the budget plan of the special work unit for financing.

### General Financing Policy Formulation

The general policy for special financing for revenues comes from the remaining surplus from last year's budget and local loan receipts. Specifically, for financing expenditures, it is directed to finance the Payment of Principal Debt. The Financing Strategy and Priority is to cover the deficit between Regional Revenue and Expenditures and pay off principal debts, as well as pay off local government debts to third parties.

## Conclusion

The perspective of the formulation of the Regional Revenue and Expenditure Budget Policy for the 2019 Fiscal Year in Sidenreng Rappang Regency consists of (1) the Perspective of the Regional Revenue Budget Formulation, (2) the Regional Expenditure Budget Formulation, (3) the Perspective of the Regional Financing Budget Formulation. The Regional Expenditure Policy in the 2019 Fiscal Year APBD continues to pay attention to the achievement of the performance targets of each program and activity aimed at increasing budget planning accountability and clarifying the effectiveness and efficiency of budget use.

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