

FINANCIAL ADMINISTRATION GOVERNANCE ANALYSIS AT THE SILAEN DISTRICT OFFICE TOBA REGENCY

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ARTICLE INFO

Keywords: Financial Governanc
and Administration

ABSTRACT

The purpose of this research is to ascertain the financial management structure of the Silaen District Office in the Toba Regency in the year 2022. Case study research employing a descriptive qualitative methodology was used for this study. The information used is a synopsis of the Silaen District Office, Toba Regency, 2020 budget as found in the office's annual report. Descriptive analysis was used in this investigation to help paint a clear picture by gathering and sorting data in great detail, then describing what was found. After compiling data, we can say that the Silaen District Office, Toba Regency's Financial Administration Governance follows Domestic Regulation No. 13 of 2006, Minister of Home Affairs Regulation No. 77 of 2020, Article 56 of Law No. 1 of 2004 of the Republic of Indonesia Relating to the State Treasury; Chapter IX of PP No. 58 of 2005 Relating to Regional Financial Management; Article 99 of the Regulation of the Minister of Home Affairs No. 13 of 2006 Relating to Guidelines for Regional Financial Management, Dated May 15, 2006; Part III of Chapter XII of the Regulation of the Minister of Home Affairs No. 64 of 2006 Relating to Regional Financial Management; and the Regulation of the Minister of Home Affairs.

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1. INTRODUCTION

Domestic Regulation No. 13 of 2006 and Minister of Home Affairs Regulation No. 77 of 2020 outlines the rules for handling regional funds. Many changes have been made to the implementation of regional finance in Indonesia in the framework of realizing regional autonomy. This change is in line with the spirit of government financial management reform. This is evidenced by the promulgation of a set of laws and regulations in the field of state finance, along with the many revisions and refinements of derivative regulations from this field of law.

Previously handled by the finance section of the regional secretariat, local government finances are now managed in more detail, at the departmental level. Create financial documents such as balance sheets, income statements, cash flow statements, operating reports, and financial document records for related agencies or businesses

Furthermore, it is submitted to the Revenue Treasurer of the SKPD to compile data from all existing agencies into one Regional Government Financial Report.

To carry out all activities (programs) that have been determined, the basic principle of regional financial management is to utilize the money available for it (Sahya, 2016) According to (Astuty, 2019) the ultimate goal of financial management is to achieve predetermined goals.

Often formulated as a financial plan, the Management of the State Revenue and Expenditure Budget (APBN) is very important for understanding the problems of Regional Financial Management. This is a situation where one party has a plan to spend money (government policies and work programs) and the other party has a plan to generate money (revenue).

2. METHOD

One of the most important but often overlooked components of administrative management is money, which is essential to run every step of program implementation. Administration according to (Simon, 2004) consists of the collaborative efforts of groups working towards a common goal. The main components of

financial administration are making budgets, keeping records, managing money in bank accounts, buying and selling goods and services, and keeping an inventory of supplies and equipment (Harjito et al., 2020)

In today's era, customers expect more than average service. They expect excellent service that puts quality first. In order to produce high-quality jobs, relevant agencies need to brief their staff about service quality in some way, whether through instruction, mandatory reading guidelines, or training (Mohi & Mahmud, 2018).

Employees who understand and carry out their roles as people entrusted with the task of managing government administration at the sub-district level are well prepared to serve the administrative needs of society at large. District leadership also determines employee success (Baderan & Ingo, 2018)

The government has delegated financial management to sub-districts as district/city regional apparatuses. The Silaen Sub-District Office places great importance on good financial management so that all planned expenditures do not exceed the budget and all required programs can be implemented properly. Staff salaries, equipment, and maintenance and construction are all counted as costs for the Silaen District Office. Carrying out the sub-district Musrembang (Development Planning Meeting), making a five-year strategic plan, and making an annual plan are all activities that fall within the scope of the planning stage of the sub-district financial management cycle (1 year). Forecasts for regional revenues, expenditures and financing are made during the budgeting phase of the cycle. The

Regional Financial Administration stage handles all aspects of managing incoming and outgoing funds. The Regional Head leads the Reporting and Accountability Evaluation Stage of Budget Implementation, where success is determined.

The budget for Silaen District, Toba Regency in 2022 is IDR 2,185,667,734. Meanwhile, Realization of Expenditure in Silaen District, Toba Regency as of December 31, 2022 FY, amounted to IDR 1,977,400,355, - or 90.47%. Due to a lack of human resources, financial administration has not been optimally managed at the Silaen District Office, Toba Regency.

Based on the background above, the formulation of the problem discussed in this study is: "How is the Management of Financial Administration in the Silaen District Office, Toba Regency". The Silaen District Office in Toba Regency is the sole focus of investigations into the management of this financial administration. This study aims to explain the internal performance of the Silaen District Office in Toba Regency by analyzing its financial management. The benefits of this research are as follows: (1) As information and ideas that can be incorporated into education, research, and future practice of Financial Management. (2) For use as a personal resource and for collaboration with other researchers on new research concepts and proposals for submission to governments or other institutions.

The researcher plays a central role in a qualitative approach to studying the condition of natural objects. Information was collected using a triangulation strategy (consisting of a combination of observation, interviews and documentation). Research results that explain the significance, originality, and construction of the phenomenon under study usually emerge from qualitative and inductive data analysis (Sugiyono, 2019).

To describe and explain empirical facts about the Management of Financial Administration at the Silaen District Office, Toba Regency, this research uses a qualitative descriptive research methodology.

Toba, North Sumatra, to be precise, Silaen District on Jl. Sisingamangaraja No. 15, Kec. Sigumpar, is a place of research. The collection of data and information for this study is expected to take around two months, from January-March 2023.

This research is a qualitative descriptive study on Financial Administration Management of the Silaen District Office, Toba Regency. Primary and secondary sources were used to compile the information presented here.

In this study, the following data sources were used:

1. Data was collected internally by the researchers themselves, in this case at the Silaen District Office, Toba Regency. This study uses the principle that the subject masters the problem and has information to select informants to be used as data sources. In this case, researchers and informants have an equal position, thus, informants have complete freedom to present the information they have in whatever way they deem appropriate. Therefore, in qualitative research, people who act as data sources in the form of interviews are called informants. Informants in this study are those who have direct experience with the problem being investigated and who have a thorough understanding of the situation:
 - a. Head of Finance Sub-division Office of Silaen District, Toba Regency
 - b. Treasurer of the Silaen District Office, Toba Regency

2. External data, namely data collected from external sources, such as scientific publications, public records, journals and the World Wide Web.

The techniques used to collect data in this study are:

1. In-depth interview with the Silaen District Office, Toba Regency through a question and answer session.
2. Documentation, more specifically gathering information in the form of documents regarding financial administration management at the Silaen District Office, Toba Regency.
3. Observation, namely data collected through observation and interviews with Silaen District Office staff in Toba Regency to fill our knowledge gaps

Structured interviews, also known as in-depth research interviews, are conducted using a set protocol. Descriptive analysis was used in this investigation to help provide a clear picture by collecting and sorting data in great detail, then describing what was found.

3. RESULTS AND DISCUSSION

The Silaen District Office, Toba Regency, is supported by funds allocated in it from the Regional Revenue and Expenditure Budget (APBD). Employee honoraria and operational costs for the Silaen District Office, Toba Regency are covered by

the 2022 budget of IDR 2,185,667,734.00. Including indirect spending of IDR 1,757,587,800.00 and direct spending of IDR. 428,079,934.00. In 2017 Rp. 1,977,400,355.00 or 90.47% of the budget was spent.

Table 1 Budget and Expenditure Realization based on programs and activities in 2022

DESCRIPTION	BUDGET	REALIZED	%
Shopping	2.185.667.734,00	1.977.400.355,00	90,47%
Indirect Shopping	1.757.587.800,00	1.572.807.319,00	89,49%
Shop Direct	428.079.934,00	404.593.036,00	94,51%
AMOUNT	2.185.667.734,00	1.977.400.355,00	90,47%

Source: Notes to the Financial Statements of the Silaen District Office, Toba Regency Year 2022

Direct Expenditure and Indirect Expenditure are two categories of expenditure in the SKPD Office of the Silaen District, Toba Regency. A total of IDR 1,572,807,319.00 or 89.49% of the total budget of IDR 1,757,587,800.00 will be used for indirect spending in 2022. Around IDR 404,593,036.00 or 94.51% of the total budget of IDR 428 .079,934.00 allocated for direct spending. The whole process of achieving the performance targets that have been set for the 2022 Fiscal Year at the SKPD Office, Silaen District, Toba Regency can be affected by several obstacles, including:

- a. It is impossible to have a workable ratio of employees to tasks.
- b. Inadequate infrastructure and facilities.
- c. Poor management of resources, both human and monetary.
- d. Lack of available personnel prevented the rapid launch of activities and the timely submission of accountability reports

Financial Administration Governance at the Silaen District Office, Toba Regency

The Silaen District Office, Toba Regency, uses an accrual-based financial administration governance system, where the working mechanism of the financial section consists of several stages of work carried out systematically to produce factually reliable accountability reports accompanied by various physical evidence and documents. An interview conducted with Ms. Vera Marbun (41 years), head of the Program and Finance section, revealed that:

“At the Silaen District Office, Toba Regency, an accrual-based financial administration governance system has been implemented to assist financial management in verifying financial accountability in a timely, efficient, and thorough. (interview results on March 1, 2023).”

Treasury Officers and Financial Administrative Officers of Regional Work Units use the SIPKD online system (Regional Financial Management Information System) to manage the finances of the Silaen District Office. This is what happened in Toba Regency. Ms. Vera Marbun (41), Head of the Sub-Division of Programs and Finance at the Silaen District Office in Toba Regency, when interviewed said that:

“The federal government coordinates

SIPKD. According to Article 24 paragraph (1) of Law Number 25 of 1999, the Regional Financial Information System relies heavily on the APBD Information Report which details regional financial management and regional financial performance in the framework of financial efficiency and effectiveness within the framework of decentralization. March 2023).”

The treasurer of the Silaen District Office, Toba Regency, Ms. Lastri Sinurat (42), said: “The Minister of Finance established a Regional Financial Management Information System (SIPKD) to collect, validate, process, analyze and disseminate financial data and information for the purposes of formulating policies in the distribution sector, balance funds, evaluation of financial performance, preparation of the revenue and expenditure budget (RAPBD), and fulfillment of other needs, such as the collection of state financial statistics.” (Interview result, 01 March 2023).

Payment Orders (SPP), Payment Orders (SPM), Funds Disbursement Orders (SP2D), and Reporting are part of the DPA Services SKPD Financial Management. The Strategic Plan (Renstra), Work Plan (Renja), Work Budget Plan (RKA), and Budget Implementation Document (DPA) are some of the other documents involved. The Expenditure Treasurer of the Silaen Regional Office of Toba Regency, the Secretariat of PPTK, the Head of the Planning and Finance Section of the SKPD, and the User Authority/Budget User must always know all financial transactions.

The following are the steps taken by the Silaen District Office, Toba Regency in managing the administrative financial aspects:

1. Planning

The Head of Subdivision of Programs and Finance uses input from each section head at the sub-district office to develop a five-year work plan (Renstra) and an annual district work plan.

This plan is based on the responsibilities and mandates of section heads related to district priority programs and central and regional program synchronization (Renja). After further discussion of the Renja, the Head of Program and Finance Subdivision developed a Budget Work Plan for the Regional Work Unit (RKA SKPD) to account for all the objectives outlined in the Regency Musrenbang and KUA-PPAS. The regional work unit budget implementation document (DPA-SKPD) is prepared after the DPRD reviews and approves the regional work unit budget activity plan.

Silaen Regency, Toba Regency, the 2022 Regional Work Unit Budget Work Plan (RKA SKPD) features a program-based financial administration management system including:

- a. Office Administration Services Program
- b. Village Financial Management Strengthening and Empowerment Program.
- c. Cross-Regional Government Cooperation Strengthening Program
- d. Improvement of the Financial Performance and Success Reporting System
- e. Improvement Program for Development of Financial Performance and Success Reporting Systems.
- f. Equipment Infrastructure Modernization Plan

The Silaen District Office, Toba Regency, will use performance financing for the entire program mentioned above to carry out activities for 1 (one) year. Ms. Vera Marbun, 41-year-old Head of Sub-Division of Programs and Finance of the Silaen District Office, Toba Regency, was interviewed for this study, and said that: “Silaen District Office, Toba Regency, the administrative planning process begins with the delivery of programs/ activities from each division. to the Head of Planning and Finance Subdivision, which is then compiled into a Plan Strategic Plan (Renstra) and finally become a Work Plan (Renja)”. (Results of interview March 1, 2023)

2. Defrosting

The procedure is as follows:

- a. After the Accountability (SPJ) and Functional letters can be printed by the treasurer at the Silaen District Office, Toba Regency after the Accountability Letter (SPJ) has been entered into the Regional Financial Management Information System (SIPKD) application and realized at a rate of more than 90%. The total budget, budget realization, and remaining budget are all explained in detail in the Administrative SPJ and Functional SPJ. After being entered and verified by the Head of Planning and Finance Sub-division or PPK, both the sub-district head as the Budget User and the treasurer as the report maker signed the Administrative Accountability Letter and Functional Accountability Letter (Financial Administrative Officer

- b. BPKD (Regional Financial Management Agency) must receive the complete package before SPP (Letter Payment Request) can be submitted.
 - c. The treasurer can submit a Request for Payment with the nominal specified in the Functional Accountability Letter after the BPKD (Regional Financial Management Agency) verifier has reviewed and approved both the Administrative Accountability Letter and the Functional Accountability Letter. That request is for SPP GU (Letter of Request for Payment of Change of Money), so that's what's entered there. The application for SPP TU (Request for Additional Payment of Money) follows the same procedure but with a nominal amount that varies from month to month based on the amount of office expenses.
 - d. SKPD Finance Administrative Officer, Head of Program and Finance Subdivision examines the treasurer's Payment Request Letter after it is issued to ensure its legitimacy.
 - e. The SKPD Financial Administration Officer verifies the Request for Payment, makes a Payment Order (SPM), and sends it to the Budget User (Camat) for approval.
 - f. In addition, the Regional Financial Management Agency must review and approve the Payment Request Letter (SPP) and Payment Request Letter (SPM) before an order for disbursement of funds (SP2D) is issued
 - g. After the Accounting Department and the Head of the Accounting Section have initialed, signed, and dated the Fund Disbursement Order, the document is sent to the Regional Treasury to be inputted as proof that the SKPD account has been properly funded. cover the nominal amount of expenses
 - h. The treasurer makes the disbursement of funds. According to an interview with Ms. Lastri Sinurat, the 42-year-old Treasurer of the Silaen District Office of Toba Regency said that: "From submitting SPJ to making Administrative and Functional Accountability Letters to making Payment Request Letters (SPP), Payment Request Letters (SPM), and SP2D, and finally the disbursement of the Silaen Regional Office Fund, the Toba Regency financial administration management team did it all". (interview results on March 1, 2023).
3. Shopping
- Expenditure Shopping at the Silaen District Office, Toba Regency includes:
- a. Additional Money
Expenditures made outside the Silaen District Office, Toba Regency, to make up for the lack of compensation.
 - b. Change Money
Spending money that has been exchanged for other currencies must be reported monthly to the Silaen District Office in Toba Regency.

The procedure is as follows:

- a. All requests for GU and TU fees must be processed through the Takalar "SIPKD" regional application system, which requires the appropriate input of financial transactions.
- b. All expenses on a GU/TU basis must be covered by the appropriate inflows.
- c. All GU/TU expenses, including those related to PPH 21, PPH 22, PPH 23, PPH options 24, and other PPH taxes, must be paid in the manner stated on the receipt.
- d. Attached documents include but are not limited to notes, receipts, SK, and SPPD accompany the receipt.
- e. Disbursement
- f. Reporting
This reporting has procedures including:
 - 1) The treasurer will issue receipts in accordance with the occurrence of financial events and transactions which is relevant.
 - 2) Based on the documentation, the treasurer issues a letter of responsibility
 - 3) The Treasurer then sends a Letter of Accountability to the Activity Technical Implementation Officer so that it can be adjusted to the specifics of the activity. If a report is required, the Financial Administration Officer will be given an Accountability Statement.
 - 4) The Treasury Administrative Officer will propose an Accountability Letter returned based on the recommendation of the Financial Administration Officer.
 - 5) The treasurer usually delivers a report once a month or once a year.
 - 6) After completion, the report is sent for inspection by the Regent.
 - 7) After that, the Regional Financial Management Board receives the final report.

In line with the government accounting system, a Letter of Account is submitted monthly detailing how the allocated funds are spent no later than 10 months later. No later than 2 months after the close of each financial year, we prepare our annual report (including the Budget Realization Report, Operational Report, Changes in Equity Report, Balance Sheet, and Notes to Financial Statements). The financial statements have been prepared in accordance with Accrual-Based Government Accounting Standards, and all information regarding budget execution, financial position, and notes to financial statements is presented in a clear and easy-to-understand manner.

Discussion

The Silaen District Office, Toba Regency is no exception; all SKPDs in the regions are responsible for planning. The Silaen District Office, Toba Regency, started its administrative planning with the creation of a Strategic Plan. Taking into account the objectives of the office and all opportunities, threats or other factors that may arise, this plan is a result-oriented process that will be completed within 1 (one) to 5 (five) years. The vision, mission, goals, long-term goals and programs of Silaen Regency are outlined in the Toba Regency Service Strategic Plan, which also serves as a control tool and benchmark for management in implementing the five-year development plan and measuring the success of the plan.

Ensuring that the implementation of programs and activities is in line with efforts to achieve the vision, mission and strategic goals/objectives is the main goal of the Strategic Plan, which aims to encourage the implementation of development in a more directed manner going forward for 5 (five) years.

This is in line with the opinion (Rudianto, 2015) stating that in the planning process, we decide our long-term goals, our short-term goals, our medium-term goals, our medium-term strategies, and so on.

Everything that the business plans and achieves in the future falls under the purview of this department. Management can be guided in their thinking about future activities and reveal any necessary changes in direction and matters to be implemented through the use of planning, indicating the urgency of future policy changes

The Work Plan can also be called a budget because it is in accordance with the opinion (Rudianto, 2015) The budget is just another name for the company's action plan. Budget according to (Rudianto, 2015) is a formal and quantitative plan for future organizational operations. At the end of each year, the Silaen District Office of Toba Regency compiles a financial report detailing the previous year's financial condition in line with the opinion (Harahap, 2009) The purpose of financial reports is to report on the health and economic performance of a company over a certain period of time

Budget Realization Reports, Operational Reports, Changes in Equity Reports, Balance Sheets, and Notes to Financial Statements are various types of financial reports produced by the Silaen District Office, Toba Regency, different from opinions (Kasmir, 2010) The five most common financial reports are balance sheets, reports income statement, statement of changes in equity, statement of cash flows, and notes to financial statements. Cashmere Report is a company's financial report.

The Silaen District Office of Toba Regency has several financial administration management processes including strategic plans, work plans, work budget plans, budget execution documents, requests for change and additional money, collection of accountability letters, entries into the Regional Financial Information System (SIPKD), preparation administrative and functional accountability letters, preparation of payment orders, and preparation of payment orders. In accordance with the Warrant for Disbursement of Funds, the Silaen District Office, Toba Regency, prepares a complete financial report at the end of each fiscal year. These reports include Budget Realization Reports, Operational Reports, Changes in Equity Reports, Balance Sheets, and Fund Disbursement Orders (SP2D).

Regulation of the Minister of Home Affairs Number 13 of 2006 concerning Guidelines for Regional Financial Management, May 15 2006, third part Chapter IX, Law of the Republic of Indonesia Number 1 of 2004 concerning the State Treasury, Domestic Regulation Number 70 of 2020, Accountability for Implementation of APBD Article 99, and Regulation of the Minister of Home Affairs Number 58 of 2005 concerning Management of State Wealth of Regional Financial Resources.

In accordance with research (Suwarni & Diatmika, 2013) According to the research of the Buleleng Regency Inspectorate, the PPK-SKPD financial reporting system that it uses to provide reports to Financial Management officials is legal and open to public scrutiny. Research (Basri, 2013) Report on Planning and Financial Progress of the North Sulawesi Provincial Community Empowerment Agency and the Village Government. Based on research, the Community Empowerment Agency and the Kotamobagu Village Government based their budgets on the Minister of Home Affairs Regulations Number 13 of 2006 and Number 22 of 2011. With a percentage of 95.30 percent, the 2012 budget was met or exceeded. Research (Korompot & Poputra, 2014) From the results of this analysis, the Kotamobagu City Financial and Asset

Management Revenue Service has prepared a budget for the 2014 fiscal year in accordance with Minister of Home Affairs Regulation Number 27 of 2013 concerning Guidelines for Preparation of Regional Revenue and Expenditure Budgets.

In contrast to research (Paputungan et al., 2017), the bottom-up rather than top-down method used in this study reveals that the planning and budgeting process for the Bolaang Mongondow District Government APBD does not function optimally in terms of compliance with existing laws and regulations, transparency, and community involvement.

4. CONCLUSION

Planning is the first step of the various stages of the Financial Administration Management of the Silaen District Office, Toba Regency. Several things must be done by the Regional Financial Management Agency (RFMA) before being able to issue a Fund Disbursement Order (SP2D), including strategic plans, work plans, budget work plans, budget implementation documents, requests for changes in money and additional money, accountability letters, data entry into the Regional Financial Information System (SIPKD), administrative and functional accountability letters, payment orders (SPP), and payment orders (SPM). Due to a shortage of manpower, the Silaen District Office in Toba Regency was unable to fully realize its budget, resulting in a slowdown in the pace of implementation of activities and the frequency with which accountability reports were submitted.

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