

Analysis of the Effectiveness of Budget Implementation on Local Government Information Systems on the Financial Performance of the Transportation Department of Maluku Province

Julita Maya Leatemia¹, Josef R. Pattiruhu², Stenly Jacobus Ferdinandus²

1. Research Scholar at Postgraduate Pattimura University, Indonesia

2. Lecturer at Postgraduate Pattimura University, Indonesia

Corresponding Author: Stenly Jacobus Ferdinandus

ABSTRACT

The purpose of this study is to determine and explain the effectiveness of budget implementation in the Local Government Information System of the Maluku Provincial Transportation Office and to determine and analyze the effect of the effectiveness of Budget Implementation on the Local Government Information System on the financial performance of the Maluku Provincial Transportation Office of Ambon for the period 2020 to 2023 with the sample of this study, namely employees related to the budget at the Maluku Provincial Transportation Office, and the financial statements of the Maluku provincial transportation office from fiscal year 2020 to fiscal year 2024. The research method used is descriptive verification. With the data analysis technique used, namely path analysis with the help of Smart PLS software version 3. Significantly the effectiveness of budget implementation in SIPD affects the financial performance of the Maluku Province Transportation Agency. more effective using SIPD, as evidenced from before using SIPD is in the criteria quite effective to efficient after using SIPD

Keywords: Effectiveness of Budget Implementation, Financial Performance.

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I. INTRODUCTION

Local governments have an important role in managing public finances to improve the welfare of the community. The implementation of the Local Government Information System (SIPD) aims to improve transparency, accountability and efficiency in budget management. This study aims to analyze the effectiveness of budget implementation through SIPD on local government financial performance. in Article 391 paragraph (1) of Law No. 23 of 2014 concerning Regional Government which used to be contained in Law No. 9 of 2015. Replacing Permendagri No. 98 of 2018, the implementation provisions are now stipulated in the form of Permendagri No. 70 of 2019 concerning Regional Government Information Systems (Permendagri, 2019). This change in the Permendagri regulation is because it is considered unable to control local government data in one interrelated system.

Local budget management must be carried out economically, efficiently and effectively or fulfill value for money as well as participants, transparency, accountability and fairness will encourage economic growth which in turn reduces unemployment and reduces poverty levels. In its management, not only human resources are needed, but also economic resources in the form of finance as outlined in a local government budget. The beginning of the implementation of regional autonomy and fiscal decentralization in Indonesia indicates that there is a transfer of authority for the implementation of public services from the center to the regions (Purba and Silalahi, 2021).

II. THEORY

Local Government Information System (SIPD): SIPD is a system that integrates local government planning, budgeting, implementation, and financial reporting processes. Effectiveness of Budget Implementation: Effectiveness can be measured by the conformity between the planned budget and its realization and its impact on financial performance. Local Government Financial Performance: Financial

performance is measured based on indicators such as budget realization ratio, expenditure efficiency, and budget surplus/deficit.

The basic concept used in this research is on budget effectiveness on financial performance, where the effectiveness of budget planning is very important in financial management, especially in the public sector. Effectiveness refers to the comparison between expected results (targets) and the results actually achieved. In the context of budget planning, effectiveness means the extent to which the planned budget can achieve the objectives that have been set. Budget effectiveness ensures that expenditures are made in accordance with established plans. It prevents wastage and ensures that funds are used efficiently to achieve organizational goals. An effective budget helps the organization to focus on achieving short-term and long-term financial goals. With the right allocation of funds, the organization is able to meet its financial targets, which in turn improves overall financial performance.

An effective budget also serves as a planning and prediction tool. When budgets are well thought-out and realistic, organizations can project more precise financial needs and outcomes. This enables better cash management, minimizes financial risks, and improves the financial stability of the organization. In other words, how well the budget can produce a positive impact in accordance with the objectives to be achieved. It is important to understand that the effectiveness of budget planning involves several aspects, including: 1). Budget Formulation: The process of formulating a budget by considering the needs, priorities, and goals of the organization or institution. 2). Fund Allocation: How funds are allocated to various programs and activities. 3). Budget Implementation: How the budget is carried out and whether the planned programs can be implemented properly. (Afuan Fajrian Putra, Novia Dhiniharitsa, 2020).

III. METHODOLOGY

This research uses descriptive quantitative research methods. The target of this research is to see the realization of the budget inputted through the SIPD application. The population in this study were all employees of the Maluku Provincial Transportation Office and all financial reports of the Maluku Provincial Transportation Office and the sample of this study were employees related to the budget at the Maluku Provincial Transportation Office, and financial reports of the Maluku Provincial Transportation Office from fiscal year 2020 to fiscal year 2024.

IV. RESULT

Budget implementation in the local government system is one of the important aspects of state financial management. The effectiveness of budget implementation plays a role in determining the extent to which the budget that has been prepared can be implemented optimally in order to achieve regional development goals. With the implementation of the Local Government Information System (SIPD), it is expected that there will be an increase in efficiency, transparency and accountability in budget management as well as improvements to the financial performance of local government organizations.

Conceptually, Budget Implementation Effectiveness refers to the extent to which a budget can be used optimally to achieve predetermined targets. Then the Local Government Information System (SIPD): is an information technology-based system that aims to improve efficiency in planning, budgeting, implementation, and regional financial reporting. Also, Financial Performance is measured based on indicators such as budget realization, expenditure efficiency, and compliance with government financial regulations.

The results of data processing show that the effectiveness of budget implementation on SIPD significantly affects the financial performance of the Maluku Province Transportation Office. more effective using SIPD, as evidenced from before using SIPD is in the criteria quite effective to efficient after using SIPD.

V. CONCLUSION

Based on the results and discussion presented in the previous chapter, it can be concluded that:

- 1) It is necessary to strengthen internal supervision so that the effectiveness of budget execution continues to increase.
- 2) It is necessary to develop SIPD features to further facilitate integration with other systems in government.
- 3) With an effective information system, it is expected that regional financial management can run more transparently, accountably, and contribute to better regional development.

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