

Analysis of the Effect of Budget Quality on the Effectiveness of Budget Implementation Through Budget Supervision at the Ambon Class I Harbourmaster and Port Authority Office

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ABSTRACT

The purpose of this study was to analyse the effect of budget quality on budget supervision, to analyse the effect of budget supervision on the effectiveness of budget execution, to analyse the role of budget supervision in mediating the effect of budget quality on the effectiveness of budget execution at the Ambon Class I Port Authority Office. The sample in this study is the planning section of the finance department and budget user representatives. The results of the analysis show that budget quality has a positive and significant effect on the effectiveness of budget execution. A well-prepared budget allows for more effective programmerealisation and is in accordance with the needs of the Ambon Class I Harbourmaster and Port Authority Office..

Keywords: Budget Quality, Budget Implementation Effectiveness, and Budgetary Oversight

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I. INTRODUCTION

Budgeting is a key instrument in government financial management that aims to improve effectiveness and efficiency in the use of public resources. A good quality budget is a major factor in ensuring that planned programmes and activities can run optimally. In addition, budget supervision plays an important role in ensuring that the budget that has been prepared can be implemented effectively and in accordance with the objectives that have been set.

Poor budget quality can also reduce public and stakeholders' trust in government organisations, institutions or offices. Transparency and accountability in budget management are important to build trust and support public participation in the development process in the area and scope of work of each organisation. Lack of budget quality can also create uncertainty for stakeholders and discourage investment and co-operation that could support organisational progress.

In addition, poor quality budgets can also result in an institution's inability to respond quickly to changes in the external environment or internal needs. With a lack of budget flexibility and a lack of effective oversight, organisations can face difficulties in adjusting priorities and fund allocations according to changing demands on the ground.

Thus, improving budget management in Indonesia requires not only policy reforms, but also improving the quality of budgets in organisations or institutions as well as government offices. Strengthening integrity, transparency and accountability at every stage of the budget management process and, more importantly, budget oversight are key to ensuring that budgets are used effectively and efficiently for the overall welfare of the Indonesian people.

II. THEORY

Budget quality refers to the extent to which the budget is prepared based on the principles of transparency, accountability, and participation. Some indicators that reflect budget quality include target accuracy, timeliness, and completeness and clarity of budget documents.

The effectiveness of budget implementation indicates the extent to which the planned budget can be realised in the form of programs and activities that provide benefits to the community. Factors that influence this effectiveness include careful planning, availability of resources, and coordination between related parties.

Budget supervision is a control mechanism carried out by various parties, both internal and external, to ensure that budget implementation runs in accordance with predetermined provisions. Effective oversight can prevent irregularities and increase accountability for budget utilisation.

III. METHODOLOGY

This study used a quantitative approach with a survey method of Department employees involved in budget planning, implementation, and supervision. Data were collected through questionnaires and analysed using multiple regression analysis and mediation analysis to test the role of budget supervision as an intervening variable.

The research method used is descriptive quantitative, with the analysis technique used is Path Analysis. With two structural equations as follows:

$$\text{Structure equation 1: } Y = PXY + PYZ$$

$$\text{Structure equation 2: } Z = PZY$$

IV. RESULT

The results of the analysis show that budget quality has a positive and significant influence on the effectiveness of budget implementation. A well-developed budget allows for more effective programmerealisation and is in accordance with the needs of the Ambon Class I Harbourmaster and Port Authority Office.

Budget supervision is proven to have a significant role in strengthening the relationship between budget quality and the effectiveness of budget implementation. Strict supervision can ensure that the use of the budget is in accordance with planning, thereby increasing the effectiveness of budget implementation.

V. CONCLUSION

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

- 1) Increase the capacity of budget planners through training and technical guidance in order to prepare better quality budgets.
- 2) Strengthen the budget monitoring system by utilising information technology to improve transparency and accountability.
- 3) Improve coordination between work units within the Department to ensure budget implementation runs in accordance with the plan that has been set.

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