

Strategy of Malang City Regional Finance and Asset Agency (BKAD) in Preparing and Determining the Local Budget (APBD)

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Abstract. The determination of the APBD often experiences delays, causing the absorption of the budget to finance development programs to be less than optimal. Research purpose is to know, define, and analyze strategy of BKAD Malang City in preparing and determining the APBD. This is qualitative research with a descriptive approach. Data presented by results of interviews with several employees at BKAD Malang City and secondary data obtained from literature research. This research uses an interactive model data analysis method consisting: collection, condensation, presentation, and conclusion drawing. The results of the research are that the strategies carried out by BKAD include always being guided by applicable regulations, maintaining harmonious relations with the DPRD, holding coordination meetings with Bappeda and DPRD twice before the preparation of the RKPD, using integrated applications as recommended by the central government and preparing the APBD well in advance of the set preparation deadline.

Keywords: Preparation of APBD, Strategies

1. Introduction

The regional revenue and expenditure budget as known as APBD is the embodiment of all planning carried out by the local government in order to carry out development and achieve goals. The regional revenue and expenditure budget, known as the APBD, is a regional government financial plan with a period of one year which is prepared and determined together with the Regional People's Representative Council (DPRD). APBD (Regional Revenue and Expenditure Budget) is a financial planning document that describes the revenue and expenditure plans of local governments in one fiscal year. APBD has an important function as a tool to achieve regional development goals and provide optimal public services to the community [1]. APBD not only covers aspects of expenditure and revenue, but also involves the entire budgeting process, including the preparation, ratification, implementation, and supervision and accountability for the use of the budget. APBD functions as an instrument to allocate financial resources efficiently, ensure transparency and accountability in budget management, and support regional fiscal independence. Thus, good APBD management is crucial for achieving regional development goals and improving community welfare. The APBD serves as an important instrument in the implementation of regional autonomy and fiscal decentralization, where local governments have the authority to manage financial resources independently to finance the implementation of government, development and public service tasks in their territory. The APBD consists of two main components, namely revenue and expenditure. Local revenues include local own-source revenues (PAD), transfers from the central government, and other legal revenues. Meanwhile, regional expenditures include

expenditures aimed at financing various local government programs and activities, such as infrastructure development, health services, education, and other administrative needs. The preparation of APBD is carried out annually by the Regional Government and DPRD through a structured process based on APBD preparation guidelines set by the Ministry of Finance. This process includes planning, preparation, discussion of evaluation by the Governor through the Provincial BPKAD and then stipulation as a legal regional regulation as the basis for implementing regional development. The APBD also has allocative, distribution and stabilization functions. In the allocative function, the APBD is directed to allocate funds efficiently to support development and public services. The distribution function of the APBD aims to ensure that budget allocations provide equitable benefits for all communities, while the stabilization function focuses on efforts to maintain economic and social stability in the regions. The APBD is not only a financial document, but also a reflection of the local government's policy priorities in advancing the welfare of the community through regional development. Thus, the preparation of a timely and targeted APBD is very crucial in supporting the achievement of regional development goals.

Regional Financial Management provides more detailed guidelines regarding the preparation, implementation, and accountability of the Regional Budget (APBD) and is also a legal basis that strengthens regional financial management, ensuring that every stage of APBD management runs in accordance with the principles of good governance. The preparation of the APBD must be based on the principles of transparency, accountability, efficiency, and effectiveness. The APBD must be prepared with reference to the Regional Government Work Plan (RKPD) which is an elaboration of the Regional Medium-Term Development Plan (RPJMD). The preparation of the APBD is carried out through several important stages, namely: Preparation of the APBD General Policy (KUA), Preparation of Temporary Budget Priorities and Ceiling (PPAS) and Preparation of the Draft APBD and Financial Memorandum [2]. This regulation also regulates the overall management of regional finances, including the management of revenue, expenditure, and financing. Local governments are required to manage local finances in an orderly, efficient, economical, effective, transparent and responsible manner with due regard to a sense of justice and propriety. Local governments are required to make accountability reports for the implementation of the APBD consisting of budget realization reports, reports on changes in excess budget balances, balance sheets, operational reports, cash flow reports, and notes to financial statements. Supervision of the implementation of the APBD is carried out by the DPRD and the Supreme Audit Agency (BPK).

Guidelines for Preparing the 2024 APBD states that the stipulation of regional regulations on the APBD is no later than December 31. Furthermore, for the stipulation of changes to the APBD, ideally 3 months before the end of the fiscal year and if the accumulation is no later than the beginning of November of the current year, a regional regulation on APBD changes must be stipulated. Procedures for Submitting Regional Financial Information, Monthly Data Reports, and Other Regional Government Reports stipulates that Regional Governments are required to submit the 2024 APBD no later than January 31, 2024, then if the Regional Government does not submit the complete 2024 APBD beyond the deadline, sanctions will be imposed in the form of a delay in the distribution of Fiscal Balance Funds [3]. Every year, the Ministry of Home Affairs also issues regulations regarding the guidelines and stages of APBD preparation, for example: Minister of Home Affairs Regulation Number 33 of 2019 concerning Guidelines for the Preparation of the 2020 APBD, Minister of Home Affairs Regulation Number 64 of 2020 concerning Guidelines for Preparing the 2021 APBD, Minister of Home Affairs Regulation Number 27 of 2021 concerning Guidelines for Preparing the 2022 APBD, Minister of Home Affairs Regulation Number 84 of 2022 concerning Guidelines for Preparing the 2023 APBD

and for the preparation of the 2024 APBD there is a Minister of Home Affairs Regulation Number 15 of 2023.

Determination of the Regional Budget (APBD) is often delayed in several regions in Indonesia. Harmonization of the relationship between the executive (local government) and the legislature (DPRD), especially in the discussion of budget priorities and regarding the allocation of funds often leads to long debates and the difficulty of reaching an agreement on time. This results in delays in the submission of the Draft Regional Revenue and Expenditure Budget (RAPBD) by local governments which often does not comply with the set schedule. Human resources who do not understand budgeting procedures and lack of understanding of new applications recommended by the central government are also a challenge in preparing APBD on time. Synchronization between central and regional policies is also considered to often be a challenge, especially when there are policy changes from the central government that are not immediately adapted and implemented at the regional level. This can hamper the APBD preparation process because it has to adjust budget allocations with new policies that may come in the middle of the preparation process.

Delays in the determination of the APBD cause development programs and planned public services to not be implemented on time. If the implementation of programs carried out by local governments is delayed, various negative consequences can arise, both for the community and for the government itself. Delayed program implementation can result in delays in budget absorption and affect the development of vital infrastructure, such as roads, bridges and other public facilities. This has a direct impact on people's quality of life. Delays in program implementation can result in a decline in the quality of public services. For example, health and education programs that are not implemented on time will result in people's access to these services being hampered, which in turn can affect people's welfare. In some cases, local governments that are unable to absorb budgets properly may be subject to sanctions, such as delays and even reductions in transfer funds from the central government. The above description illustrates the importance of APBD preparation that is timely and in accordance with regional planning objectives.

Malang City is one of the many local governments that every stage of budget preparation is always on time so that it produces Regional Regulations on the APBD on time. In the last 5 years, the preparation and stipulation of the Malang City Regional Regulation has never exceeded the specified time limit. In 2019, Malang City Regional Regulation number 10 of 2019 concerning the 2020 APBD was stipulated on December 26, 2019; Malang City Regional Regulation Number 6 of 2020 concerning the 2021 APBD was stipulated on December 29, 2020; Malang Mayor Regulation Number 23 of 2021 concerning the Explanation of the 2022 APBD was stipulated on December 13, 2021; Malang City Regional Regulation number 7 of 2022 concerning the 2023 APBD was stipulated on December 30, 2022; and Malang City Regional Regulation Number 5 of 2023 concerning the 2024 APBD was stipulated on December 28, 2023. The purpose of this research is to know, define, and analyze the strategy of the Malang City Regional Finance and Asset Agency in preparing and determining the APBD.

2. Literature Review

A. Public Administration

Public Administration is a branch of administrative science concerned with the implementation of government policies and the management of public resources. In general, public administration involves planning, organizing, directing, coordinating, and supervising activities carried out by public institutions to achieve the goals set by the state or government.

Public administration is the science of doing great things and involves functions such as planning, organizing, staffing, directing, coordinating, reporting, and budgeting, known by the acronym POSDCORB [4].

Public administration is responsible for delivering various services to society, such as education, health, infrastructure and security. It includes managing resources and budgets to meet people's needs in a fair and equitable manner. Public administration plays a key role in implementing policies designed by political decision-makers. Through government agencies, these policies are systematically implemented across different sectors. Public administration also acts as a regulator and supervisor in areas such as trade, environment and social welfare. These regulations are important to maintain public order and ensure that people carry out activities in accordance with applicable regulations. In public administration, budget and financial management are essential to ensure effectiveness and efficiency in the use of state resources. Public administration must ensure that revenues obtained through taxes and other sources are optimally used for development and public welfare. Public administration adopts Good Governance principles such as accountability, transparency, public participation, and results orientation. These principles are necessary to ensure that public institutions perform their duties well and have a positive impact on society.

B. Decentralization

Decentralization is the process of transferring central government authority to regions that aims to provide greater autonomy to regions in making decisions, managing resources, and implementing policies that suit local needs. Decentralization allows local governments to be closer to the community, so that policies taken are expected to be more responsive to the needs and characteristics of local communities. Decentralization provides greater autonomy for regions in the areas of resource management, fiscal, and public services, and provides space for local governments to be more innovative and participatory in formulating policies [5].

Decentralization is grouped into three: administrative decentralization, which refers to the division of administrative responsibilities between the center and the regions; fiscal decentralization, which relates to regional autonomy in financial management, including the collection of locally generated revenue (PAD) and budget allocation. Political decentralization, which gives regions the authority to elect leaders and determine local political policies. Decentralization is important in realizing regional independence and accelerating equitable development throughout the country.

C. Regional Finance

Regional finance refers to all aspects related to the management and use of financial resources at the regional level, which includes provincial, district and city governments. Amin [1] states that regional finance can be interpreted as all activities related to the management and use of financial resources owned by local governments. Local finance includes local revenue which consists of sources of income obtained by local governments, including local taxes, levies, and transfer funds from the central government. These revenues become the basis for local governments to implement various programs and activities; Local expenditures are expenditures made by local governments to finance various development activities and programs aimed at the welfare of the community. Local expenditure must be carried out with due regard to the principles of efficiency and effectiveness; Planning and Budgeting which is a process that involves determining development priorities and allocating financial resources to achieve predetermined goals. Good planning will ensure that budgets are prepared in accordance with the needs and expectations of the community. Local financial management must be

conducted in a transparent and accountable manner so that the public can monitor and know the use of public funds. This is important to build public trust in local government. Amin [1] emphasizes that financial management based on these principles can encourage sustainable regional development and improve community welfare.

D. The Regional Revenue and Expenditure Budget (APBD)

The Regional Revenue and Expenditure Budget (APBD) is an annual financial plan for local governments that is prepared based on policies and development needs in the region. APBD is an important instrument in managing financial resources owned by local governments, which aims to support the implementation of development programs, public services, and improve community welfare.

The APBD consists of two main sides, namely regional income: Revenues sourced from local taxes, local levies, results of local property management, as well as transfers from the central government (such as the General Allocation Fund, Special Allocation Fund, and Revenue Sharing Fund). This revenue is used to fund various local government expenditure needs. Regional expenditure Expenditures made by local governments to fund various programs and activities that have been planned. Regional Revenue and Expenditure Budget (APBD) is a financial document containing local government revenue and expenditure plans in one fiscal year. APBD is an important instrument that reflects the fiscal policy of local governments, as well as being a guide in carrying out development and public services. APBD is also a form of fiscal decentralization, where local governments have the authority to manage their own finances, according to the needs and priorities of development in their regions [6].

E. Strategy

Strategy is the placement of the company's mission, setting organizational goals keeping in mind external and internal forces, formulating certain policies and strategies to achieve goals and ensuring their proper implementation, so that the main goals and objectives of the organization will be achieved. It can be concluded that strategy is an overall approach related to the implementation of ideas, preparation of plans and execution of an activity to achieve goals and objectives in accordance with opportunities. In addition, it can also be concluded as a work plan that maximizes strengths by effectively linking organizational goals and resources to achieve organizational goals.

Strategic objectives in an elaboration of the mission statement, developed with greater specificity regarding how the company will carry out its mission. Objectives are policy, program, or managerial in nature, and are stated in a way that allows assessment of the achievement of future goals. There are three stages of the strategy process:

1. Strategy Formulation

Strategy formulation is the initial stage carried out in the strategy process, which includes:

- a. development of vision and mission.
- b. identification of the organization's external opportunities and threats.
- c. analyzing internal strengths and weaknesses.
- d. formulating long-term goals.
- e. generating alternative strategies.
- f. selecting a specific strategy to achieve the objectives.

2. Strategy Implemented

At this stage, the development of strategies to support culture, effective organizational structure, reorganize marketing efforts, prepare budgets, develop information systems and link employee compensation to organizational performance.

3. Strategy Evaluation and Monitoring. The stage of monitoring all company activities, whether they are running in accordance with the chosen strategic planning. The analysis report method can be applied in annual, monthly or weekly periods, so that any deviations can be evaluated and improved performance in the hope that everything that has been planned can run properly” [7]

F. Conceptual Framework

This research is qualitative research which is the process of finding and organizing data from field notes, interview results, and other sources so that the data can be easily understood and passed on [8]. The data presented consists of primary data, namely the results of interviews with several employees at BKAD Malang City and secondary data obtained from literature related to this research. This data analysis consists of four parts: collection, condensation, presentation, and conclusion drawing or verification [9].

4. Result

Based on the results of interviews with several staff members at the Badan Keuangan dan Aset Daerah (BKAD) of Kota Malang on August 14, 2024, it can be concluded that in drafting the Regional Revenue and Expenditure Budget (APBD), BKAD consistently adheres to applicable regulations. The APBD drafting process follows the legal framework established by the central government, specifically Undang-Undang No. 23 of 2014 about Regional Government. BKAD Kota Malang emphasizes the importance of compliance with these regulations to ensure that the planning and budgeting process aligns with the principles of accountability and transparency.

This framework includes initial planning stages by Bappeda, setting regional development priorities in collaboration with the Regional House of Representatives (DPRD), and the final budget approval. Additionally, BKAD follows the APBD Preparation Guidelines issued annually by the Ministry of Home Affairs, which outline national development priorities that must be accommodated within the regional APBD. Throughout the APBD preparation process, BKAD ensures that all budgeted expenditures are adjusted to the actual needs of the region and prioritized for programs that have a direct impact on public welfare.

Based on the results of interviews with several employees at BKAD Malang City on August 14 2024, BKAD stated that they always try to follow and comply with central government regulations regarding the use of integrated applications in regional financial management. These applications, such as the Regional Management Information System (SIMDA) and Regional Government Information System (SIPD), were developed by the central government to ensure that financial management in each region is carried out transparently, accountably, and in accordance with established standards. BKAD also explained that the use of this application aims to simplify the planning, budgeting, implementation and regional financial reporting processes. With this application, regional financial data can be more integrated, thereby minimizing the potential for errors in the APBD preparation process. BKAD Malang City also emphasized that it is actively trying to always adapt to every system update or development implemented by the central government. This is done to maintain accuracy and efficiency in preparing the APBD and to support the achievement of timely APBD determination. Apart from that, BKAD also continues to provide training to its employees so they are able to operate regional financial application systems well, in order to support the smooth running of their duties and functions.

Based on the results of an interview on 14 August 2024 with the Head of the Budget and Treasury Division of BKAD Malang City, it is known that BKAD always maintains harmonized relations with the legislative party, namely the Regional People's Representative Council (DPRD), to minimize the potential for conflict during the process of preparing, discussing and determining the APBD. BKAD realizes that the role of the legislature is very important in ratifying the APBD, so good communication and coordination are the keys to creating a common understanding between the legislature and the executive. BKAD Malang City also explained that this harmonization was achieved through a transparent communication approach, intensive dialogue, and continuous consultation during all stages of APBD preparation. Every financial policy proposed by the regional government is communicated clearly to the legislature, both in terms of development priorities, budget allocation, and the legal aspects underlying it. In addition, BKAD regularly holds coordination meetings and open discussions with the DPRD to explain each component in the APBD draft, so that both parties can have the same understanding and be able to resolve differences of opinion constructively. This step also aims to ensure that priority programs proposed by regional governments receive full support from the legislature, without any significant obstacles.

Based on the results of interviews with the Head of the Budget and Treasury Division of BKAD Malang City, it was revealed that BKAD together with the Regional Development Planning Agency (Bappeda) and the Regional People's Representative Council (DPRD) routinely held two coordination meetings before preparing the Regional Government Work Plan (RKPD) done. The first coordination meeting was held to discuss the DPRD's Main Thoughts, which are proposals or aspirations from the results of the council members' recess regarding development needs in the region. At this stage, BKAD, Bappeda, and DPRD discuss these ideas in depth to ensure that the proposal is relevant and in line with regional development priorities. The second coordination meeting was held after Bappeda and BKAD prepared the initial draft RKPD. The purpose of this meeting is to verify and ensure that the DPRD's main ideas that were discussed at the first meeting have been accommodated and included in the RKPD comprehensively. In this way, every aspiration put forward by the DPRD can be integrated into regional development planning effectively.

Based on the results of an interview with the Head of the Budget and Treasury Division of BKAD Malang City, BKAD always ensures that the preparation of the Regional Revenue and Expenditure Budget (APBD) is carried out well before the specified deadline. This early preparation process provides many benefits, especially in terms of time management and readiness to face various obstacles that may arise during the APBD preparation process. By starting the preparation of the APBD early, BKAD has sufficient time to carry out thorough monitoring and evaluation and resolve various technical problems or obstacles that may occur in the middle of the APBD preparation process. This includes completing revisions, adjusting budget allocations, as well as integrating input from various related parties, such as the DPRD and other regional apparatus. In addition, this proactive step allows BKAD to maintain the smooth flow of planning and budgeting, as well as minimizing the risk of delays in APBD approval. With reserve time, BKAD can go through all stages of APBD preparation more thoroughly. BKAD's alertness in preparing the APBD before the deadline is also a form of their commitment to managing regional finances, as well as ensuring that development programs and budget absorption can be carried out on time and with maximum impact.

5. Discussion

Based on the results of interviews with the Malang City Regional Financial and Asset Management Agency (BKAD), several strategic steps taken by BKAD in preparing the APBD and regional financial management show a process that is in line with the strategy formulation theory. that strategy formulation involves three main stages: strategy formulation, strategy implementation and strategy evaluation.

A. Strategy Formulation

BKAD Malang City always tries to understand the internal and external conditions that influence the preparation of the APBD. This can be seen in BKAD's commitment to maintaining harmonized relations with the legislature by holding coordination meetings with the DPRD and Bappeda before preparing the Regional Government Work Plan (RKPD). In this case, BKAD also formulated a proactive strategy by preparing the APBD well before the set deadline. This step shows BKAD's ability to plan carefully and ensure that there is a reserve of time to overcome obstacles that may arise in the middle of the preparation process. Then use the latest SIPD application as an application in accordance with central government recommendations. The formulation of this strategy allows BKAD to prepare the APBD more efficiently and in a more focused manner.

B. Strategy Implementation

An important step after strategy formulation, where the organization must apply the strategy that has been designed to achieve its goals. BKAD always maintains harmonious relations with the DPRD through coordinating meetings twice before preparing the RKPD. This approach ensures that budget planning does not create conflict between the executive and legislative branches, so that the APBD preparation process can run smoothly. The implementation of this strategy can also be seen from the implementation of applications such as the latest SIPD, where local governments follow central regulations regarding financial management technology. The use of this application is a manifestation of the implementation of strategies that have previously been formulated.

C. Strategy Monitoring and Evaluation

Monitoring and evaluation are important elements to ensure that the implemented strategy goes according to plan and achieves the stated goals. The integrated application, namely SIPD, used by BKAD simplifies the process of monitoring the implementation of regional financial management. In the context of strategic supervision, according to David, the use of this technology system allows this to reduce the risk of errors in preparing the APBD.

This evaluation is important to identify whether the APBD preparation is in accordance with the RKPD and whether the strategy implemented has supported the timely preparation of the APBD according to the established schedule. According to David, strategy evaluation aims to assess the effectiveness of strategy implementation and make improvements if necessary. Thus, the monitoring and evaluation of strategies carried out by BKAD through integrated applications shows how technology supports the implementation of strategy implementation in ensuring that the preparation of the APBD is timely.

6. Conclusion

The strategy used by the Malang City BKAD in preparing the APBD aims to achieve timeliness in preparing the APBD. APBD preparation is always carried out long before the

stipulated deadline. By preparing it early, BKAD has room to make revisions or adjustments in accordance with policy developments or necessary changes, so that APBD approval can be carried out on time, BKAD also always maintains harmonized relations with the DPRD. Through intensive harmonization and coordination with the DPRD and Bappeda, preparation can be carried out without haste, thereby reducing the possibility of conflict or debate in ratifying the APBD. Always hold coordination meetings with Bappeda and DPRD before preparing the RKPD, always use integrated applications recommended by the central government so as to minimize the risk of delays in preparing and determining the APBD.

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