

Analysis of Budget Absorption in Lotu District Office, Nias Utara District

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Abstract: *This analysis aims to determine the level of absorption of the budget in the Lotu District Office of North Nias Regency in accordance with the Regulation of the Minister of Finance of the Republic of Indonesia Number 22/PMK.02/2021 concerning Measurement and Evaluation of Budget Performance on the Implementation of Work Plans and Budgets of State Ministries/Institutions, where budget absorption is one indicator in assessing the performance of financial management. This research method uses descriptive quantitative, namely by going directly to the Lotu District Office to collect data in the form of Financial Reports and Budget Realization Reports. The results of the research conducted concluded that the Lotu District Office for 3 (three) consecutive years, namely from 2019 to 2021 was considered to have been able to reach the minimum limit in absorbing the budget.*

Keywords: Budget, Absorption

1. Background

In simple terms, budget absorption can be defined as a comparison between the realization and the budget. For example, in a budget of Rp. 500 million, the actual budget is Rp. 250 million. This means that the absorption rate of the budget is 50%. Several things happened, towards the close of the book or the end of the fiscal year, there were times when agencies tried to absorb the budget so that it was close to 100%, so that the absorption of the budget would not be considered low or there would be proportionality in the percentage in the absorption of the budget. Because some media reported that there was an accumulation of budget absorption at the end of the year which was proven at the end of the quarter, the tendency for the percentage of budget absorption to be less than 75%. The World Bank also mentions that several developing countries are one of them (Hasni, 2016) the state of Indonesia, namely, has a problem in absorbing the budget which is often referred to as "slow back-loaded", meaning that from the beginning of the fiscal year to the middle of the budget absorption is low but suddenly increases when entering at the end of the fiscal year.

In assessing the performance of an agency's financial management, one of the indicators is budget absorption. Because an overview of the performance/ability of these agencies can be identified through the level of budget absorption so that they can carry out and be accountable for each planned activity. The better the absorption of the budget for the realization of an agency's activities, the more effective the use of public facilities and public services for the community will be. Therefore in an institution must choose activities that are more productive and lead to more useful.

In the absorption of the budget, there is a significant influence, especially for spending on goods and services, especially in encouraging smooth economic growth. Therefore, every organization or government agency needs to manage every expenditure so that it runs smoothly so that

it can encourage success in achieving national development goals. Even so, budget absorption does not always have to reach 100%, but at least budget absorption is expected to be able to meet a minimum of more than 80% of the planned budget. The high or low absorption of the budget in a work unit is a benchmark for the performance of that work unit.

2. Conceptual Study

Absorption of the budget according to Halim is the realization of an estimate that will be carried out in a certain period seen at a certain time (budget realization) (Halim, 2014). Rai said that the absorption of the budget is one of the government's performance indicators in moving the wheels of the economy and is one of the performance evaluation indicators contained in the Minister of Finance Regulation (Rai, 2010). And according to Mahmudi (2013: 91) the notion of absorption of the budget is an activity in the implementation of the APBD law (Regional Revenue and Expenditure Budget) and has been approved by the DPRD (Regional People's Leadership Council) (Mahmudi, 2013). Absorption of the work unit budget, namely "the proportion of the work unit budget that has been disbursed or has been realized in one fiscal year" (Noviwijaya, 2013). Or in other words it is often referred to as budget disbursement.

Because the target is a public sector organization or government agency, the absorption of the budget here can be interpreted as spending or implementation of the budget reported within a certain period of the budget performance report. Therefore, it is very important to measure the absorption of funds rather than comparing available funds with actual spending. Even if 100% of the allocated budget is spent there will likely be absorption constraints which have led to a reallocation of funds and/or failure to implement the work plan. Until now, the government does not have a standard definition of what percentage of a region falls into the category of experiencing a minimum absorption budget. However, several regions have integrity pacts which are then signed by the Head of the Working

Unit, that a government will be recorded as having experienced a minimum absorption of the budget if until the end of the year it is unable to realize 90% of the total budget that has been prepared.(Arif, 2013).

According to Elim et al, factors that can influence budget absorption include budget planning, budget execution, procurement of goods and services, management commitment, and bureaucratic environment.(Elim, 2018), along with that according to Hasni and Basukianto the factors that influence budget absorption are budget planning, procurement of goods and services, HR factors, regulations, and the process of disbursing funds(Hasni, 2016). However, according to Patiran and Bonsapia, that budget planning and budget execution do not affect the absorption of the budget in Jayapura district, it is the competence of human resources and oversight that has an influence on budget absorption (Bonsapia, 2021).

To calculate budget absorption, guided by the procedures for measuring and assessing performance evaluation in the Regulation of the Minister of Finance of the Republic of Indonesia Number 22/PMK.02/2021 as follows:

$$P = \frac{RA}{AA} \times 100\%$$

Information:

P : Budget Absorption

RA : Budget Realization

A A : Budget Allocation

The Lotu District Office is one of the Regional Apparatus Organizations (OPD) in North Nias Regency where in its operational activities it manages the budget used to finance every expenditure on goods/services, capital expenditure and personnel expenditure. This budget comes from the Regional Expenditure Budget (APBD) of North Nias Regency.

3. Method

The type of research used in this research is quantitative descriptive research. Quantitative descriptive research is a method that aims to create an objective picture or description of a situation using numbers, starting from data collection, interpretation of the data as well as the appearance and results.

Quantitative descriptive analysis in this case applies the concept of calculation, namely by comparing the budget ceiling with its realization in the 2019-2021 Fiscal Year. This method is used to determine the level of absorption of the budget at the Lotu District Office, North Nias Regency.

4. Results and Discussion

1) Analysis of Absorption of the 2019 Budget

Table 1: 2019 Budget Realization Report

No. Sort/Code	Description	Budget	Realization	More Or Less	Pesentage
2	SHOPPING	1,073,000,000.00	1,066,573,780.00	(6,426,220.00)	99.40
2.1	Operational Expenditure	1,028,900,000.00	1,022,473,780.00	(6,426,220.00)	99.38
2.1.1	Employee Shopping	559,870,000.00	556,120,000.00	(3,750,000.00)	99.33
2.1.2	Goods Shopping	469,030,000.00	466,353,780.00	(2,676,220.00)	99.43
2.2	Capital Expenditure	44,100,000.00	44,100,000.00	0.00	100.00
2.2.2	Shopping Equipment and Machinery	40,820,000.00	40,820,000.00	0.00	100.00
2.2.5	Purchase Other Fixed Assets	3,280,000.00	3,280,000.00	0.00	100.00
	Surplus/Deficit	(1,073,000,000.00)	(1,066,573,780.00)	6,426,220.00	99.40

Based on the table above, the Lotu District Office in 2019 has a budget consisting of: operational expenditure of Rp. 1,028,900,000.00 with a budget realization of Rp. 1,022,473,780.00 so that the percentage is 99.38%, capital expenditure of Rp. 44,100 000.00 with a realization of IDR 44,100,000.00 so that the percentage is 100.00% and the

difference between the budget and the realization is IDR 6,426,220.00 and the total budget is IDR 1,073,000,000.00 with a budget realization of IDR 1,066. 573,780.00 so that the total realization of the budget is 99.40%.

2) Analysis of Absorption of the 2020 Budget

Table 2: 2020 Budget Realization Report

No. Sort/Code	Description	Budget	Realization	More Or Less	Percentage
2	Shopping	1,011,400,000.00	932,159,500.00	(79,240,500.00)	92.17
2.1	Operational Expenditure	966,200,000.00	887,159,500.00	(79,040,500.00)	91.82
2.1.1	Employee Shopping	597,850,000.00	596,950,000.00	(79,040,500.00)	99.85
2.1.2	Goods Shopping	368,350,000.00	290,209,500.00	(78,140,500.00)	78.79
2.2	Capital Expenditure	45,200,000.00	45,000,000.00	(200,000.00)	99.56
2.2.2	Shopping Equipment and Machinery	45,200,000.00	45,000,000.00	0.00	100.00
2.2.5	Purchase Other Fixed Assets	200,000.00	0.00	(200,000.00)	0.00
	Surplus/Deficit	(1,011,400,000.00)	(932,159,500.00)	79,240,500.00	92.17

Based on the table above, the Lotu District Office in 2020 has a budget consisting of: operational expenditure of Rp. 966,200,000.00 with a budget realization of Rp. 887,159,500.00 so that the percentage is 91.82%, capital expenditure of Rp. 45,200 000.00 with a realization of IDR 45,000,000.00 so that the percentage is 99.56% and the

difference between the budget and the realization is IDR 79,240,500.00 and the total budget is IDR 1,011,400,000.00 with a budget realization of IDR 932,159. 500.00 so that the total realization of the budget is 92.17%.

3) Analysis of Absorption of the 2021 Budget

Table 3: Budget Realization Report for 2021

NO. Sort/ Code	Description	Budget	Realization	More Or Less	Percentage
2	Shopping	1,043,646,200.00	1,033,050,800.00	(10,595,400.00)	98.98
2.1	Operational Expenditure	1,022,473,400.00	1,011,878,000.00	(10,595,400.00)	98.96
2.1.1	Employee Shopping	444,016,000.00	434,766,000.00	(9,250,000.00)	97.92
2.1.2	Goods Shopping	578,457,400.00	577,112,000.00	(1,345,400.00)	99.77
2.2	Capital Expenditure	21,172,800.00	21,172,800.00	0.00	100.00
2.2.2	Shopping Equipment and Machinery	21,172,800.00	21,172,800.00	0.00	100.00
2.2.5	Purchase Other Fixed Assets	0.00	0.00	0.00	0.00
	Surplus/Deficit	(1,043,646,200.00)	(1,033,050,800.00)	10,595,400.00	98.98

Based on the table above, the Lotu District Office in 2021 has a budget consisting of: operational expenditure of IDR 1,022,473,400.00 with a budget realization of IDR 1,011,878,000.00 so that the percentage is 98.96%, capital expenditure is IDR 21,172 800.00 with a realization of IDR 21,172,800.00 so that the percentage is 100.00% and the difference between the budget and the realization is IDR 10,595,400.00 and the total budget is IDR 1,043,646,200.00 with a budget realization of IDR 1,033. 050,800.00 so that the total realization of the budget is 98.98%.

So:

1) Absorption of the 2019 Budget

$$P = \frac{RA}{AA} \times 100\% = \frac{1.066.573.780,00}{1.073.000.000,00} \times 100\% = 99,40\%$$

From the calculation results above, we can conclude that the Lotu District Office did not fully (100%) absorb the budget from the total available budget or in other words, the budget ceiling was out of sync with its realization. This is due to the type of expenditure, namely operational expenditure which was only realized at 99.38%. However, based on the percentage of achievement, the Lotu District Office has been able to reach the minimum limit in absorbing the budget.

2) Absorption of the 2020 Budget

$$P = \frac{RA}{AA} \times 100\% = \frac{932.159.500,00}{1.011.400.000,00} \times 100\% = 92,17\%$$

From the calculation results above, we can conclude that the Lotu District Office did not fully (100%) absorb the budget from the total available budget or in other words, the budget ceiling was out of sync with its realization. This is due to the existence of a type of expenditure, namely operating expenditure which was only realized by 91.82% and realized capital expenditure of 99.56%. However, based on the percentage of achievement, the Lotu District Office has been able to reach the minimum limit in absorbing the budget.

3) Absorption of the 2021 Budget

$$P = \frac{RA}{AA} \times 100\% = \frac{1.033.050.800,00}{1.043.646.200,00} \times 100\% = 98,98\%$$

From the calculation results above, we can conclude that the Lotu District Office did not fully (100%) absorb the budget from the total available budget or in other words, the budget

ceiling was out of sync with its realization. This is due to the existence of a type of expenditure, namely operating expenditure which was only realized by 98.96%. However, based on the percentage of achievement, the Lotu District Office has been able to reach the minimum limit in absorbing the budget.

5. Conclusion

Based on the results of the research discussed in the previous chapter, it can be concluded that:

- 1) The Lotu District Office of North Nias Regency for 3 (three) consecutive years, namely from 2019 to 2021 in absorbing the budget above 90.00% of the total available budget, namely in 2019 it was 99.40% , in 2020 it was 92.17% and in 2021 it was 98.98%, so it is considered that it has been able to reach the minimum limit in absorbing the budget.
- 2) The Lotu District Office for 3 (three) consecutive years, namely from 2019 to 2021 did not fully (100%) absorb the budget from the total available budget or it could be said that the budget ceiling and its realization were out of sync, this was due there are types of spending from year to year that cannot be fully absorbed.

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