

## Financial Administration and Budgeting Planning on the Realization of Budget Absorption

Hikmat

Sheikh Yusuf Islamic University, Tangerang

Email: hikmatachdiat@gmail.com

### Abstract

This study was conducted to analyze the influence of financial planning and administration on the realization of budget absorption at the Tangerang City Education and Culture Office. The research uses a descriptive method with a quantitative approach. Data were collected using questionnaires, observations, and cumentated studies. The data analysis technique uses a multiple linear regression model with the help of the SPSS program. The results of the study show that financial planning and administration have a significant effect on the realization of budget absorption and financial administration causes an increase in the realization of budget absorption. From the test of the determination coefficient, financial planning and administration contribute to the realization of budget absorption.

**Keywords:** Planning, Financial Administration, Realization of Budget Absorption.

### A. Introduction

In regional financial management, the allocation of capital expenditure is closely related to long-term financial planning, especially financing for the maintenance of fixed assets generated from capital expenditure. In this regard, the Tangerang City Education Office in carrying out government duties needs to plan, implement and account for activity programs in order to carry out its main duties and functions in the field of education.

In order for the implementation of the budget to be properly accounted for, a careful planning is needed in the preparation of the budget at the beginning and good administration, because it is undeniable that weak planning at the beginning and ineffective financial administration are the beginning of the slow realization of budget absorption that is happening today.

This budget preparation system is recognized as one of the problems behind the low expenditure absorption performance and suboptimal realization. Weak budget planning will eventually give rise to the possibility of *underfinancing* or *overfinancing*, all of which affect the level of efficiency and effectiveness of government work units. The budget as a tool to implement organizational strategies must be prepared as well as possible so that there is no bias or deviation.

The problem in this study can be identified at the root, the lack of employees who have qualifications as experts in planning and financial management is one of the obstacles in the process of absorbing the regional budget. Furthermore, the cause of low budget absorption in the Education Office also lies in the fact that there is still a sense of concern from budget users. The rules for the disbursement of APBD funds are considered convoluted and go through a long process. Internally, the low absorption of the budget is caused by weak initial planning related to budgeting for needs.

## **B. Method**

The research uses a descriptive method with a quantitative approach. The research sample used a total sample, which was 78 employees at the Tangerang City Education Office. Data was collected with the main technique in the form of questionnaire distribution. In addition, observation and document review were also carried out. The data were analyzed by multiple linear regression test and correlation test.

## **C. Research Results and Discussion**

The results of the t-test calculated the influence of planning on the realization of budget absorption, obtained a score of 4,407 sig. 0.000. Meanwhile, the t-value of the table for dk ( $78 - 2 = 76$ ) in the t-distribution values for the two-party test of significance level of 0.05 shows a score of 1.665. This means  $t \text{ count } (4,407) > t \text{ table } (1,665)$  or a value of sig.  $0.000 < 0.05$ . Thus,  $H_0$  was rejected and  $H_a$  was accepted.

The results of the t-test calculated the influence of financial administration on the realization of budget absorption, obtained a score of 3,938 sig. 0.000. This means  $t \text{ count } (3,938) > t \text{ table } (1,665)$  or the value of sig.  $0.000 < 0.05$ . Thus,  $H_0$  was rejected and  $H_a$  was accepted.

The result of the F or F calculation test obtained a score of 9.598 with a significant probability of 0.05. while the F table ( $\alpha = 0.05$ ) with the denominator and numerator dk at the point  $n = 78$  is 1.39. So,  $F \text{ calculates } (15.080) > \text{from } F \text{ table } (1.45)$  or with a value of sig.  $= 0.000 < 0.05$ , because F calculates greater than F table, the regression model can be used to predict the realization of budget absorption or it can be said that the treatment of independent variables of planning and financial administration together affects the realization of budget absorption.

From the value of the equation produced by multiple linear regression, it can be explained as follows, the constant value of 25,078 states that if the independent variable (financial planning and administration) is ignored or has a value of 0, then the realization value of budget absorption is 25,078. The value of the planning coefficient is marked positively as 0.503, this shows that if there is an increase in planning by 1 unit, it will increase the realization of budget absorption by 0.503 assuming other

variables and are constantly ignored. The value of the financial administration coefficient is marked negative as -0.051, this shows that if there is an increase in financial administration by 1 unit, it will increase the realization of budget absorption by -0.051 assuming other variables and are constantly ignored.

The results of the multiple linear regression calculation give an idea that the direction of the relationship between planning and financial administration turns out to be unidirectional, where every increase of 1 unit in the variable of planning and financial administration, will cause an increase in the realization of budget absorption of 25,530.

Meanwhile, from the correlation test, a value of 0.451 was obtained. The correlation coefficient needs to be compared with the  $r$  values of the *product moment table*, at a significant level of 5% with the number of samples  $n=78$  indicating a value score of 0.220. When compared with the score, it turns out that the value of  $r$  calculation (0.451) >  $r$  table (0.220), then  $H_0$  is rejected and  $H_a$  is accepted. So in conclusion, there is a positive influence of financial planning and administration together on the realization of budget absorption at the Education Office. The value of the correlation coefficient obtained is 0.451, in accordance with the coefficient interpretation guidelines, the intersection is located between 0.600 – 0.799 thus it is known that the level of influence between financial planning and administration with the realization of budget absorption is included in the medium category.

From the determinant coefficient test, a score of 20.4% was obtained or can be seen in the R Square value which shows a score of 0.204. This proves that financial planning and administration can contribute to the realization of budget absorption at the Education Office by 20.4% and by 79.6% is still influenced by other factors, such as regional budgets, government policies and others.

The influence of planning on the realization of budget absorption at the Education Office. The results of the analysis showed that the  $t$ -count test obtained a score of 4.407 sig. 0.000. This means that  $t$  count (4,407) >  $t$  table (1,665) or a value of sig. 0.000 < 0.05, then  $H_0$  is rejected and  $H_a$  is accepted. So it can be stated that partially the planning variable has a significant effect on the realization of budget absorption at the Tangerang City Education Office. The results of this study are contrary to the research conducted by Haykal (2017) on the analysis of the role and function of SKPD in regional financial management and its influence on SKPD performance (case study on the East Aceh Regency Government). The results of the study stated that it was partially known that only the variables of budget preparation had a significant effect on the performance of SKPD, while for the variables of budget planning and budget reporting did not have a significant effect on the performance of SKPD.

The influence of financial administration on the realization of budget absorption at the Education Office. The results of the analysis showed that the  $t$ -count test obtained a score of 3,938 sig. 0.000. This means that  $t$  count (3,938) >  $t$  table (1,665) or the value of sig. 0.000 < 0.05, so it can be stated that partially the variables of financial administration have a significant effect on the realization of budget absorption at the Education Office. The results of this study are the same as Syahrida (2019) on the Influence of

Understanding the Accounting System, Regional Financial Management on SKPD Performance in the North Sumatra Provincial Government, which states that partially the understanding of the accounting system and regional financial management on the performance of SKPD has a significant effect.

The effect of budgeting planning and financial administration together on the realization of budget absorption at the Education Office, the results of the analysis show that the results of the F test count (15,080) > from the F table (1.45) or with a value of sig. = 0.000 < 0.05, meaning that it can be said that planning and financial administration simultaneously have a significant effect on the realization of budget absorption at the Education Office. Multiple linear regression test  $\hat{Y} = 25.078 + 0.503 \cdot (X_1) + -0.051 \cdot (X_2)$ , so that it can be stated that if financial planning and administration are further increased by 1 unit, then the realization of budget absorption will increase by 25,530. The correlation coefficient (R) test obtained a score of 0.451, it turned out that the r value was calculated (0.451) > r table (0.220), the correlation value score of 0.451 was at the intersection of the correlation coefficient of 0.600 - 0.799 had a relationship level in the medium category.

The determination coefficient (KD) test obtained a score of 20.4% (R Square 0.204), meaning that financial planning and administration can contribute to the realization of budget absorption at the Education Office by 20.4% and by 79.6% is still influenced by other factors that are not researched, such as regional budgets, government policies and others. The results of this study are in line with research conducted by James Edward (2015) which found that good planning greatly helps the level of budget absorption.

In addition, supervision is needed from the beginning of planning in order to detect the possibility of failure to absorb the budget early. Reporting also has an important role to find out the progress of budget absorption. To accelerate the absorption of the state budget, regulations are needed that are oriented towards giving trust to the executors so that they can be more flexible in using the budget while still prioritizing the principles of effectiveness, efficiency and accountability.

#### **D. Conclusion**

Budgeting planning has a positive and significant effect on the realization of budget absorption at the Education Office. This means that the planned expenditure budget is in accordance with the needs of the agency, both the source, allocation and use of economic resources are realized as they should, although in some cases there are still weaknesses, especially in terms of the preparation of the process is more complicated because it is necessary to adjust between the proposal and the budget, it takes a long time for the suitability to occur and sometimes the proposals submitted at the work unit level exceed the set budget.

Financial administration has a positive and significant effect on the realization of budget absorption at the Education Office. This means that the budget management used by the Education Office is in accordance with the authority given, both in financial

and policy aspects, and is able to manage financial expenditures well in accordance with the targets achieved. Therefore, as an entity that uses the local government budget, the effectiveness of budget implementation at the Education Office requires a management that takes into account the development of the volume of activities from year to year continues to increase.

Budgeting planning and financial administration have a positive and significant effect on the realization of budget absorption at the Education Office. This shows the success rate of the Education Office in making a financial plan and administration have run effectively in accordance with the objectives, although in its implementation both the planning and financial administration carried out by the Education Office only contributed 20.4% to the realization of budget absorption. This means that these spending activities have not been realized optimally according to what has been planned.

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