

Conference Paper

Analysis of Management Transfer Funds in Katingan District

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Abstract

Renewal of the government system into regional autonomy has a major impact on the administration of the government system and the scope of performance in the government in Katingan Regency. The Transfer Fund is intended to assist the region in funding the authority to provide services to the public and reduce the imbalance of government funding sources between the center and the regions, as well as to reduce the gap in government funding between regions. The purpose of this study was to determine the role of Central Government transfer funds on capital expenditure for public services in Katingan Regency and analyze the management of transfer funds and their contribution to capital expenditure. The research is descriptive in order to explain how the Transfer Fund is managed by the Regional Financial and Asset Management Agency of Katingan Regency. The results showed that the regional revenue of Katingan Regency originated from Regional Original Revenue (Pendapatan Asli Daerah or PAD), receipts from transfer funds, and other legitimate receipts. Receipt of transfer funds increases from year to year. The average transfer fund allocation that is intended for public services is increasing especially in the fields of health, sanitation infrastructure, markets, agriculture, road infrastructure, environment, assistance for Early Childhood Basic Education (Pendidikan Anak Usia Dini or PAUD), health operational assistance, small and medium scale industries and the allocation of village funds also increased.

Keywords: regional revenue, local revenue, transfer funds, public services.

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1. Introduction

1.1. Background

A new era of management of regional government at the provincial and district and city levels, in line with the issuance of Laws No 22 of 1999 and Law No. 25 of 1999 concerning regional autonomy and fiscal decentralization. In its development this policy was renewed by the issuance of Law No. 32 of 2004 and Law No. 33 of 2004. Both of these laws regulate Regional Government and Financial Balance between the Central Government and Regional Government. This policy is a challenge and also an

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opportunity for local governments (local government) because regional governments have greater authority to manage their resources efficiently and effectively (Adi, 2016).

Economic growth has a positive impact on increasing Regional Original Income (Pendapatan Asli Daerah or PAD). Consistent with Saragih (2003) which states that an increase in Regional Original Income (PAD) is actually an excess of economic growth. This finding is also in line with a study by Bappenas which states that the growth of PAD should be sensitive to the increase in Gross Regional Domestic Product (GRDP).

In line with the mechanism for reforming the government system from a centralized system to regional autonomy, it certainly has a major impact on the administration of the government system and the scope of performance in regional governments in order to better provide services to the community based on public service principles.

Regional government in carrying out activities related to government operations certainly requires revenue and expenditure. Acceptance is a source of funds that plays a role in the government system to support the smooth running of government and development in the region so that it must be managed effectively and efficiently.

The receipt of transfer funds is part of the regional revenue activities where the implementation has been regulated by the state through the Minister of Finance of the Republic of Indonesia. Transfer funds are funds originating from APBN (state budget) revenues allocated to the regions to fund regional needs in efforts to implement decentralization. The Transfer Fund is also intended to assist the regions in funding the authority to provide services to the public, as well as reducing the imbalance of government funding sources between the center and the regions, as well as to reduce the gap in government funding between regions. The funding adheres to the principle of money follows function, which implies that funding follows the function of government which is the obligation and responsibility of each level of government. The types of transfer funds include Revenue Sharing Funds (DBH), General Allocation Funds (DAU) and Special Allocation Funds (DAK).

Fund transfers from the central government are one of the main funding sources for local governments that will be reported in the APBD (local state budget) calculations. The existence of a transfer fund in Katingan Regency is highly expected by the local government due to the lack of local revenue (PAD) in Katingan district. The use of transfer funds or balancing funds is entirely the authority of the regional government. This makes the regional government play an important and attractive role for whatever funds are allocated. Considering this role, this research is necessary and important to study, especially related to the receipt of transfer funds in Katingan Regency.

1.2. Research Purposes

Based on the above background, this study aims to determine the role of Central Government transfer funds towards capital expenditure in Katingan Regency and analyze the management of public service sector transfer funds and their contribution to capital expenditure since 2015-2018.

2. Literature Review

2.1. Government Accounting Theory

One theory in the field of accounting is government accounting. Government accounting is related to the recording and reporting of transactions that occur in government agencies. According to Bastian (2007) that government accounting is a technical mechanism as well as accounting analysis that can be applied to the management of public funds in high state institutions or departments below, in local governments, BUMN, BUMD, NGOs and social foundations, as well as on collaborative projects in the public and private sectors.

According to Mursyidi (2009) states that government accounting is a process of technical and accounting analysis mechanisms that are applied to the management of public funds in high state institutions and departments below.

2.2. Regional Government Accounting System

The regional government accounting system according to Permendagri Number 13 of 2006 article 232 covers a series of procedures, starting from the data collection process, then recording, classifying, and summarizing financial transactions and or events and financial reporting in an effort to manually implement the APBD or use a computer application. In carrying out regional government accounting, the regional head establishes a system of accounting for regional revenues by referring to regional regulations on the principles of regional financial management, and is prepared based on the principles of internal control and government accounting standards (Tamalumu, 2014).

Furthermore, related to the provisions of Article 233 of the Minister of Home Affairs Regulation Number 13 of 2006 which is an implementation guideline for Government Regulation Number 58 of 2005 concerning regional financial management, it states

that the regional government accounting system is carried out by regional financial management officials (PPKD) in the financial management work unit region (SKPKD) and the accounting system of the Regional Work Unit (SKPD) carried out by the Regional Administrative Unit Financial Administration Officer (PPK-SKPD). The Regional Government accounting system is broadly grouped:

1. Accounting System in the Regional Financial Management Work Unit (SKPKD), namely:

- a. Regional Revenue Accounting Procedures
- b. Accounting Procedures for Cash Expenditures
- c. Fixed Asset Accounting Procedures
- d. Accounting procedures other than cash

2. Accounting System at Regional Work Unit (SKPD), namely:

- a. Regional Revenue Accounting Procedures
- b. Accounting Procedures for Cash Expenditures
- c. Fixed Asset Accounting Procedures
- d. Accounting procedures other than cash

2.3. The DanaTransfer system to the Region

According to Mahsun, et al. (2013: 245) states that the definition of funds is a fiscal entity and an independent accounting entity and has a balanced set of accounts to record cash, other financial sources, liabilities and equity, which are separated according to the purpose of carrying out certain activities and based on specific rules and conditions.

In the Regulation of the Minister of Finance of the Republic of Indonesia Number 06 / PMK.07 / 2012, Transfers to Regions are part of state expenditure in order to fund the implementation of fiscal decentralization in the form of balancing funds, special autonomy funds, and adjustment funds. The Scope of the Implementation and Accountability of Transfer Budgets to Regions if reviewed based on the Regulation of the Minister of Finance of the Republic of Indonesia Number 06 / PMK.07 / 2012 consists of:

- a. Types of Budget Transfers to Regions
- b. Determination of Budget allocation of Transfers to Regions
- c. Budget Users / Authorities of Transfer Budget Users to Regions
- d. Document of Transfer to Regional Budget Implementation
- e. Procedures for Implementing the Transfer to Regional Budget

- f. Regional General Cash Account
- g. Administration and Accountability of Budget Transfers to Regions.

3. Research Methods

This research was conducted at the Regional Financial and Asset Management Agency (BPKAD) of Katingan Regency. The analytical method used is quantitative descriptive analysis. This analysis method is used to be able to know the description of the Application of Transfer Fund Receipt Accounting and compare the data obtained from the results of these studies with a theoretical basis from the literature then draw conclusions and give some suggestions.

4. Results and Discussion

4.1. Regional Financial Authority Regulations

The granting of authority in terms of broad autonomy and decentralization paved the way for particularly the Katingan Regency government to manage regional finance oriented to the public interest. Performance measurement is very important in assessing the accountability of local governments, especially in Katingan Regency in conducting regional financial management. Accountability does not merely show ability about how public money is spent, but also how to show that public money has been spent efficiently, effectively, and economically.

In line with Article 308 of Law Number 23 Year 2014 concerning Regional Government and according to Minister of Home Affairs Republic of Indonesia Number 33 of 2017 that policies that need regional attention in the preparation of regional income and expenditure budgets for the 2018 budget year are related to regional income, regional expenditure, and financing area. Regional income includes Regional Original Income (PAD) related to (1) regional tax budgeting and regional retribution; (2) budgeting the results of management of regional wealth by taking into account the potential revenue of 2018 Fiscal Year in order to obtain economic, social or other benefits; (3) budgeting for other legitimate PADs includes revenue generated related to the management of revolving funds. Balancing funds include budgeting for Revenue Sharing Funds (DBH), budgeting for General Allocation Funds (DAU), budgeting for Special Allocation Funds (DAK). Whereas regional revenues are legitimate, it is necessary to pay attention to the

budgeting of special autonomy funds allocated for the 2018 fiscal year according to their respective regions.

4.2. Regional Revenue of Katingan Regency

In aggregate, the income of Katingan Regency in 2018 has increased compared to 2017, as well as from 2016 and 2015 also increased. Revenue from Katingan Regency originates from Regional Original Income (PAD), receipts from transfer funds, and other legitimate receipts.

The largest regional revenue in Katingan Regency in 2017 came from transfer funds or balance funds amounting to 920.15 billion rupiahs or 79.14 percent of total regional revenues, then from Regional Original Income (PAD) revenues of 52.99 billion rupiahs or equal to 4.56 percent of total revenues, and others which are Shah Revenue of 189.47 billion rupiah or 16.30 percent of total regional revenues. Of the total transfer funds obtained, 75.67 percent of them are from the Special Allocation Fund (BPKAD, Katingan Regency, 2019). Revenue from Katingan Regency for more details can be seen in Table 1.

TABLE 1: Revenue of Katingan Regency in 2015-2018 (in billion rupiah)

Number	Budget	Year			
		2015	2016	2017	2018
1.	Regional Original Income (ROI)	40,80	46,28	52,99	53,29
2.	Transfer Funds	852,82	918,85	920,15	1.080,05
3.	Others Legitimate Income	172,46	159,79	189,47	126,92
	Total	1.066,08	1.124,91	1.162,61	1.260,26

Source: Secondary Data Processed, 2019.

Based on Table 1 above, Regional Original Income (PAD) in Katingan Regency increases from year to year. The increase in PAD from 2015 to 2016 amounted to 13.43%, this was due to the increase in regional income derived from taxes and regional levies. Then the PAD from 2016 to 2017 also increased by 14.49%, and the increase from 2017 to 2018 only increased by 0.57% this was due to the reduced component of regional income from regional levies in Katingan Regency.

Then the role of transfer funds certainly plays a big role in economic development in Katingan Regency. The development of the transfer fund budget based on Table 1 also increased despite the very varied increase in adjusting to regional development needs in Katingan District. The increase in transfer funds from 2016 to 2017 amounted to 7.74%,

from 2016 to 2017 at 0.14%, and from 2017 to 2018 it increased by 17.38%. The increase in transfer funds is due to an increase in transfer funds from the central government, as well as an increase in tax-sharing funds, as well as an increase in non-tax revenue-sharing funds (natural resources), which is certainly very beneficial for development in Katingan Regency.

4.3. Transfer Fund Management

Regional Finance and Asset Management Agency (BPKAD) of Katingan Regency is one of the work units within the Katingan Regency Regional Government. This institution handles regional financial and asset management in Katingan Regency. This institution is also the implementing element of regional autonomy in carrying out some elements of regional households in the fields of income, financial management and assets, led by a Head of Service who is under and responsible to the Regent through the Regional Secretary.

Regional revenues in the effort to implement regional affairs are contained in the Regional Budget (APBD). Each Regional Work Unit (SKPD) has the duty to collect and or receive regional income obliged to carry out collection and or receipt based on the provisions stipulated in the legislation. The task of the regional head is to determine the Regional General Cash as a place for storing regional money.

Transfer funds are regional revenues where the revenue is obtained from the central government and the provincial government through the State Budget (APBN). The transfer funds are given in an effort to implement government activities. Receipts from transfer revenues are submitted by the central government and the provincial government to the Regional Financial and Asset Management Agency (BPKAD) as the Regional Financial Management Work Unit (SKPKD) and then distribute them to all Regional Work Units (SKPD) in accordance with the provisions and amount of funds has been determined. Funds Transfer to Katingan Regency based on data obtained from the Regional Financial and Asset Management Agency (BPKAD) consisting of Tax Revenue Sharing Funds (PBB DBH), Non-Tax / Natural Resources Revenue Sharing Funds (DBH SDA), General Allocation Funds (DAU) and Special Allocation Funds (DAK), Non-Physical Specific Allocation Funds, Adjustment Funds, Tax Revenue Sharing Funds, and Financial Assistance from Provincial Governments.

Management of transfer funds in Katingan Regency allocated for infrastructure and public service improvements can be seen in Table 2. Based on Table 2, the average allocation of funds intended for public services has increased, especially for the health,

sanitation infrastructure, markets, agriculture, road infrastructure, environment, assistance for Early Childhood Basic Education (PAUD), and health operational assistance.

TABLE 2: Management of Transfer Funds for Public Services 2017-2018 at Katingan Regency

Number	Appropriation Object Field	Fund Size (Rp), Year	
		2017	2018
1.	Health	10.865.937.006	16.724.996.583
2.	Education	8.652.212.200	7.675.499.700
3.	Sanitation Infrastructure	99.407.300	5.494.000.000
4.	Market	1.787.318.000	1.970.292.800
5.	Irrigation	7.228.096.900	2.841.753.000
6.	Drinking Water	3.133.157.500	873.609.376
7.	Market	1.787.318.000	1.970.292.800
8.	Small and Medium Scale Industries	-	250.065.000
9.	Agriculture	3.233.777.752	3.278.500.000
10.	Marine and Fisheries	1.997.192.456	806.264.900
11.	Road	24.617.633.900	78.038.295.450
12.	Environment	333.890.555	1.342.000.000
13.	Early Childhood Education Programs (PAUD)	2.250.600.000	2.655.600.000
14.	Health Operational Assistance	8.829.071.500	12.204.384.380
15.	Village Fund Allocation	121.732.941.200	123.109.685.400

Source: Secondary Data Processed, 2018.

Based on Table 2, specifically for small and medium scale industries in 2017 there is no allocation, but in 2018 there are funds allocated to help small and medium industries to increase business. Whereas funds for village fund allocation are the largest allocation and also increase according to the number of villages in Katingan Regency.

5. Conclusion

Revenue from Katingan Regency originates from Regional Original Income (PAD), receipts from transfer funds, and other legitimate receipts. The role of transfer funds is certainly very instrumental in economic development in Katingan Regency. The development of the transfer fund budget increased despite a very varied increase in adjusting to regional development needs in Katingan Regency. The increase in transfer funds is due to an increase in transfer funds from the central government, as well as an increase in tax-sharing funds as well as non-tax revenue-sharing funds (natural resources), which is certainly very beneficial for development in Katingan Regency.

Receipts from transfer revenues are submitted by the central government and the provincial government to the Regional Financial and Asset Management Agency (BPKAD) as the Regional Financial Management Work Unit (SKPKD) and then distribute them to all Regional Work Units (SKPD) in accordance with the provisions and amount of funds has been determined.

The average transfer fund allocation intended for public services has increased, especially for the health sector, sanitation infrastructure, markets, agriculture, road infrastructure, the environment, assistance for Early Childhood Basic Education (PAUD), health operational assistance, small and medium scale industries and the allocation of village funds increased.

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