

# Implementation Of Regional Financial Management Policy In Supporting The Vision And Mission Of The Regent Of Indramayu

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## KEYWORDS

*KUA-PPAS, APBD, RPJMD, RKPd, financial management, policy implementation*

## Kata Kunci

*KUA-PPAS, APBD, RPJMD, RKPd, pengelolaan keuangan, implementasi kebijakan*

## ABSTRACT

This study examines the implementation of regional financial management policy in supporting the vision and mission of the Regent of Indramayu. The analysis focuses on the alignment between the General Budget Policies and Provisional Budget Ceilings and Priorities (KUA-PPAS) and the Regional Medium-Term Development Plan (RPJMD) and Annual Government Work Plan (RKPd), the effectiveness of the Local Government Budget (APBD) formulation process, the contribution of financial administration and reporting to correcting expenditure classification errors, and the obstacles encountered during implementation.

Using a descriptive qualitative approach, data were collected through in-depth interviews and document analysis involving ten key informants from Bappeda, the Regional Financial and Asset Management Office (BPKAD), and related local government units. Data were analyzed using Miles and Huberman's qualitative analysis model.

The findings reveal that the synchronization between KUA-PPAS and RPJMD-RKPd is generally adequate, although several programs during the first years of implementation were not fully aligned. The APBD preparation process effectively supports the Regent's priority programs. Financial administration and reporting significantly contribute to correcting misclassified expenditure accounts through systematic reclassification. The main constraints include regulatory inconsistencies, limited human resource capacity, weak cross-unit coordination, and suboptimal use of information systems. Strengthening planning-budgeting integration, enhancing human resource competency, and maximizing digital-based financial systems are crucial for improving policy implementation.

## ABSTRAK

Studi ini mengkaji implementasi kebijakan pengelolaan keuangan daerah dalam mendukung visi dan misi Bupati Indramayu. Analisis difokuskan pada keselarasan antara Kebijakan Umum Anggaran dan Plafon Prioritas Anggaran Sementara (KUA-PPAS) dengan Rencana Pembangunan Jangka Menengah Daerah (RPJMD) dan Rencana Kerja Pemerintah Tahunan (RKPd), efektivitas proses penyusunan Anggaran Pendapatan dan Belanja Daerah (APBD), kontribusi administrasi dan pelaporan keuangan dalam mengoreksi kesalahan klasifikasi belanja, serta kendala yang dihadapi selama implementasi.

Dengan pendekatan kualitatif deskriptif, data dikumpulkan melalui wawancara mendalam dan analisis dokumen yang melibatkan sepuluh informan kunci dari Bappeda, Badan Pengelolaan Keuangan dan Aset Daerah (BPKAD), dan satuan kerja perangkat daerah terkait. Data dianalisis menggunakan model analisis kualitatif Miles dan Huberman.

Temuan menunjukkan bahwa sinkronisasi antara KUA-PPAS dan RPJMD-RKPd secara umum memadai, meskipun beberapa program pada tahun-tahun awal implementasi belum sepenuhnya selaras. Proses penyusunan APBD secara efektif mendukung program-program prioritas Bupati. Administrasi dan pelaporan keuangan berkontribusi signifikan terhadap koreksi akun pengeluaran yang salah klasifikasi melalui reklasifikasi sistematis. Kendala utamanya meliputi inkonsistensi regulasi, keterbatasan kapasitas sumber daya manusia, lemahnya koordinasi lintas unit, dan pemanfaatan sistem informasi yang belum optimal. Penguatan integrasi perencanaan-penganggaran, peningkatan kompetensi sumber daya manusia, dan maksimalisasi sistem keuangan berbasis digital sangat penting untuk meningkatkan implementasi kebijakan.

## 1. Introduction

Regional financial management is a strategic instrument in public administration, mandated by Government Regulation No. 12 of 2019 and Minister of Home Affairs Regulation No. 77 of 2020. The

management cycle—planning, budgeting, implementation, administration, reporting, and oversight—must be conducted in a transparent, effective, efficient, and accountable manner. This cycle ensures that regional development goals can be achieved in line with the vision and mission of local leaders.

In Indramayu Regency, the formulation of the KUA–PPAS for Fiscal Years 2022–2024 serves as a bridge between medium-term development priorities (RPJMD 2021–2026) and the annual operational plan (RKPD). However, empirical evidence suggests several issues, such as misalignment between planning and budgeting documents, inaccuracies in expenditure coding, insufficient human resource capacity, and weak coordination among local government units.

The Regent’s vision and mission form the central policy direction translated into development programs in RPJMD and subsequently formulated in KUA–PPAS and APBD. Therefore, the effectiveness of regional financial management policy implementation determines the extent to which political promises and development priorities can be realized.

This study is important because effective financial management ensures the optimal allocation of public resources, supports good governance, and strengthens accountability in local government performance.

Based on the background above, the study seeks to address the following questions:

1. To what extent is the KUA–PPAS aligned with the RPJMD and RKPD in Indramayu Regency?
2. How effective is the APBD formulation process in supporting the Regent’s priority programs?
3. How do financial administration and reporting contribute to correcting expenditure account classification errors?
4. What obstacles hinder the implementation of regional financial management policy, and what solutions can be proposed?

The objectives of this research are to:

1. Describe the alignment between KUA–PPAS and RPJMD–RKPD.
2. Analyze the effectiveness of APBD formulation in supporting priority development programs.
3. Assess the contribution of financial administration and reporting to budget classification corrections.

4. Identify implementation challenges and formulate appropriate improvement strategies.

## 2. Research Methodology

### LITERATURE REVIEW

#### *Policy Implementation in Public Administration*

Policy implementation refers to the process of translating policy decisions into concrete actions carried out by implementing agencies. According to Edward III (1980), implementation is influenced by four key variables: communication, resources, disposition, and bureaucratic structure. Successful implementation requires clear directives, adequate resources, competent personnel, and a supportive organizational environment.

Mazmanian and Sabatier (1983) emphasize that implementation is shaped by statutory clarity, institutional capacity, and external socio-political conditions. In the context of local governance, regional financial management policies must be implemented consistently to achieve development goals set in strategic planning documents such as RPJMD and RKPD.

#### *Regional Financial Management*

Regional financial management refers to the systematic management of public finances within local governments, covering planning, budgeting, implementation, administration, reporting, and oversight. Government Regulation No. 12/2019 outlines the principles of orderliness, efficiency, effectiveness, transparency, and accountability in regional financial management.

APBD (Local Government Budget) is a critical policy instrument that allocates public resources to development priorities. Harmonization of the planning documents—RPJMD, RKPD, and KUA–PPAS—ensures that budgeting decisions reflect strategic objectives. Julaihah (2017) states that alignment between planning and budgeting strengthens fiscal discipline and improves development outcomes.

#### *Financial Administration and Reporting*

Financial administration involves recording, documenting, and managing financial transactions, while financial reporting concerns the preparation of accountability documents, including budget realization statements, balance sheets, and notes to financial statements. According to Mardiasmo (2018),

accurate administration and reporting improve transparency and support decision-making.

Accurate classification of expenditure accounts is crucial. Misclassification can disrupt budget execution and undermine accountability. Reclassification is often performed to correct coding errors, ensuring consistency with the Chart of Accounts mandated by national regulations.

### **Public Budgeting and APBD Formulation**

APBD formulation consists of several stages: drafting KUA–PPAS, budget discussions between the executive and legislative bodies, budget validation, and approval. Dunn (2017) emphasizes that budgeting is inherently political, requiring negotiation and compromise.

In local government contexts, budgeting must balance public needs, political commitments, and fiscal constraints. The effectiveness of APBD formulation depends on institutional coordination, technical capacity, and adherence to planning documents.

### **Alignment of RPJMD, RKPD, and KUA–PPAS**

The RPJMD outlines medium-term development priorities, while RKPD translates these into annual objectives. KUA–PPAS serves as the connecting document that sets budget policy direction and priority ceilings. According to Bastian (2019), alignment between planning and budgeting is essential to avoid fragmentation, inefficiency, and misallocation of public resources.

Misalignment typically arises due to inadequate coordination, lack of data accuracy, limited analytical capacity, and political interventions.

### **Challenges in Implementing Financial Management Policies**

Various studies identify recurring challenges in regional financial policy implementation:

- **Human resource limitations:** low analytical capacity, insufficient understanding of technical regulations
- **Regulatory inconsistencies:** frequent revisions to guidelines and standards
- **Weak coordination:** poor communication among Bappeda, BPKAD, and local government units

- **Technological gaps:** limited use of integrated financial management information systems

- **Political factors:** legislative–executive dynamics influencing budget decisions

These challenges often lead to delays in budget execution, errors in expenditure coding, and suboptimal achievement of development targets.

### **Conceptual Framework**

Based on theoretical studies, the conceptual framework of this research focuses on four core components:

1. **Alignment of planning and budgeting documents** (RPJMD–RKPD–KUA–PPAS)
2. **Effectiveness of APBD formulation**
3. **Contribution of financial administration and reporting** (including reclassification)
4. **Challenges and improvement strategies**

These components form an integrated model illustrating how financial management policies support the realization of the Regent’s vision and mission.

### **RESEARCH APPROACH AND TYPE**

This study employs a **descriptive qualitative approach** aimed at exploring the implementation of regional financial management policies in Indramayu Regency. The qualitative method is appropriate because it allows for an in-depth examination of policy processes, institutional behavior, and stakeholder perceptions.

### **Research Location**

The study was conducted at several key government institutions in Indramayu Regency:

- Regional Development Planning Agency (Bappeda)
- Regional Financial and Asset Management Office (BPKAD)
- Related local government units involved in planning and budgeting

These institutions are central actors in the planning–budgeting cycle and thus relevant to the focus of this study.

### *Informants*

Informants were selected using **purposive sampling**, targeting individuals with direct involvement in financial management and policy implementation. A total of **10 informants** participated, consisting of:

- Senior officials from Bappeda
- Budget managers and financial administrators at BPKAD
- Representatives from local government units

Informants were chosen based on expertise, experience, and authority in managing planning and budgeting processes.

### *Data Types and Sources*

Two types of data were collected:

1. **Primary data**, gathered through semi-structured in-depth interviews focusing on policy implementation, document alignment, budgeting practices, and administrative challenges.
2. **Secondary data**, consisting of official documents such as RPJMD, RKPD, KUA-PPAS, APBD, financial reports, organizational regulations, and internal memos.

### *Data Collection Techniques*

Data were collected using the following techniques:

- **In-depth Interviews:** conducted face-to-face using interview guides to obtain detailed explanations from informants.
- **Documentation Study:** reviewing official planning and budgeting documents, financial statements, and regulatory guidelines.
- **Observation:** informal observation of organizational processes during budgeting activities to complement interview findings.

### *Data Analysis Techniques*

Data were analyzed using **Miles and Huberman's interactive model**, which includes:

1. **Data Reduction** – selecting, simplifying, and organizing interview transcripts and documents.

2. **Data Display** – presenting information in narrative and matrix form to identify patterns.
3. **Conclusion Drawing and Verification** – interpreting findings and validating them through triangulation.

### **Validity and Reliability of Data**

To ensure credibility, several strategies were employed:

- **Triangulation of sources:** comparing interview data with official documents and observations.
- **Member checking:** validating interpretations with selected informants.
- **Peer debriefing:** discussing emerging findings with academic supervisors to avoid researcher bias.

The combination of these techniques strengthens the validity and reliability of the research findings.

## **3. Findings and Discussion**

### **FINDINGS**

#### *Alignment Between KUA-PPAS and RPJMD-RKPD*

The study found that the alignment between the General Budget Policies and Provisional Budget Ceilings and Priorities (KUA-PPAS) and the planning documents—RPJMD and RKPD—was **generally adequate**, although not yet fully optimal.

During the first year of policy implementation, several programs proposed by local government units were not fully synchronized with the development priorities outlined in the RPJMD. This was primarily due to:

- Late issuance of technical guidelines
- Limited coordination between planning and budgeting teams
- Incomplete understanding of strategic target indicators

However, improvements were observed in subsequent years as coordination mechanisms were

strengthened and planning documents were updated more systematically.

Overall, the level of alignment can be categorized as **moderately strong**, indicating that planning and budgeting processes are moving toward greater integration.

### ***Effectiveness of APBD Formulation***

The APBD formulation process was found to be **effective in supporting the Regent's priority programs**, particularly in areas such as infrastructure, public service improvement, and socio-economic development.

Key strengths identified include:

- Consistent use of RKPD as the annual planning reference
- Collaborative discussions between the executive and legislative bodies
- Improved accuracy of budget ceilings during the negotiation stage

Despite these strengths, several challenges remain:

- Occasional delays in budget discussions
- Limited evidence-based analysis in determining budget priorities
- Dependence on central government transfers affecting budget flexibility

Nevertheless, the APBD formulation process generally succeeded in translating policy priorities into budget allocations.

### ***Contribution of Financial Administration and Reporting***

Financial administration and reporting played a significant role in correcting expenditure classification errors, particularly through:

- **Reclassification procedures** (reklasifikasi) to adjust inappropriate expenditure codes
- Enhanced verification processes by BPKAD
- Increased compliance with the government's standardized chart of accounts

Informants acknowledged that administrative accuracy has improved over the past three years,

supported by improvements in internal control systems.

These corrections are crucial because misclassified expenditures may lead to audit findings, delays in budget execution, and reduced accountability.

Thus, financial administration and reporting systems substantially contribute to policy implementation effectiveness.

### ***Implementation Challenges***

Four major challenges emerged from the research findings:

#### **a. Regulatory Complexity**

Frequent revisions to financial management regulations cause confusion among implementers. Changes in coding standards and reporting formats require continuous adaptation.

#### **b. Limited Human Resource Capacity**

Many staff members have not received adequate training in financial analysis, planning integration, and information system utilization. This contributes to errors in budgeting and administration.

#### **c. Weak Institutional Coordination**

Coordination issues were observed between Bappeda, BPKAD, and line agencies, particularly regarding:

- Synchronization of program indicators
- Timeliness of document submission
- Consistency in budget planning data

#### **d. Suboptimal Use of Information Systems**

Although financial management systems are available, not all units maximize their use. Constraints include limited IT capacity, system downtime, and lack of integration across platforms.

### ***Summary of Findings***

The key findings indicate that:

- Planning and budgeting documents are increasingly aligned, though improvements are still needed.
- The APBD formulation process effectively supports the Regent's development agenda.
- Financial administration and reporting mechanisms play an important role in maintaining budget accuracy.

- Multiple structural and technical challenges hinder full realization of policy goals.

These findings illustrate the complex, multi-dimensional nature of financial management policy implementation at the regional level.

## DISCUSSION

### *Interpretation of Alignment Between KUA–PPAS and RPJMD–RKPD*

The findings indicate that the alignment between planning and budgeting documents is moderately strong, although several inconsistencies remain. This supports the argument of Bastian (2019), who states that coordination between planning and budgeting units is crucial to avoid fragmentation and inefficiency.

The partial misalignment observed in the early implementation phase suggests that planning–budgeting integration is still evolving in Indramayu Regency. This condition is consistent with Edward III's (1980) theory, which asserts that policy implementation is influenced by clarity of communication and bureaucratic structure. Limited early synchronization reflects gaps in communication between Bappeda, BPKAD, and line agencies.

However, improvements in subsequent years demonstrate that institutional learning is taking place, supported by better communication and more structured planning updates. This aligns with Mazmanian & Sabatier's (1983) view that implementation improves over time when institutional capacity strengthens.

### *Effectiveness of APBD Formulation in Supporting Policy Priorities*

The study shows that the APBD formulation process effectively translates the Regent's vision and mission into measurable budget allocations. This supports Dunn's (2017) perspective that budgeting is not merely technical but also political, requiring negotiation and alignment between multiple interests.

The strengthening of executive–legislative coordination contributes to the effectiveness of the process. However, the limited use of evidence-based budgeting and occasional delays reflect areas needing improvement. These weaknesses align with prior research indicating that political pressure and limited analytical capacity can hinder optimal budgeting outcomes.

Nevertheless, the overall effectiveness suggests that institutional mechanisms—such as budget meetings, technical instructions, and internal reviews—are functioning as intended to support policy goals.

### *Contribution of Financial Administration and Reporting to Policy Outcomes*

Financial administration and reporting significantly contribute to correcting account classification errors. This finding reinforces Mardiasmo's (2018) argument that sound administrative procedures enhance transparency, accountability, and financial accuracy.

The improvement in administrative accuracy also supports the principle of accountability emphasized in Government Regulation No. 12/2019. The reclassification mechanisms implemented reflect the existence of internal controls that are functioning properly, consistent with modern public financial management practices.

Thus, financial reporting and administration are not merely technical components but strategic tools that help ensure institutional compliance and accuracy in budget execution.

### *Challenges in Implementation and Their Policy Implications*

The research identified four key challenges: regulatory complexity, limited human resource capacity, weak coordination, and suboptimal use of information systems. These challenges collectively influence the quality of policy implementation.

#### *Regulatory Challenges*

Frequent changes in financial regulations create confusion and require continuous learning. This condition aligns with Lipsky's (1980) concept of "street-level bureaucracy," where front-line implementers often struggle with ambiguous and evolving rules.

#### *Human Resource Limitations*

Limited capacity among implementers affects planning accuracy and administrative performance. This supports Rivai's (2015) assertion that competence is a critical determinant of performance in public organizations.

#### *Coordination Issues*

Weak horizontal coordination between institutions confirms the framework of Edward III (1980), where bureaucratic fragmentation can impede policy implementation. Ineffective coordination leads

to inconsistencies in program indicators, document submission delays, and data discrepancies.

#### ***Technological Barriers***

Partial utilization of financial management information systems shows that digital transformation remains incomplete. This aligns with contemporary research emphasizing that digital integration enhances transparency and efficiency in financial governance.

#### ***Theoretical Implications***

The findings reinforce several theoretical perspectives:

- Edward III's model is validated through evidence that communication gaps and bureaucratic structure influence implementation outcomes.
- Mazmanian & Sabatier's perspective on institutional capacity aligns with observed improvements over time.
- Public financial management theories (Mardiasmo, Bastian) are supported through findings related to planning–budgeting integration and the importance of administrative accuracy.

Thus, the study contributes empirical evidence to the literature on policy implementation and financial management in local government contexts.

#### ***Practical Implications***

Practically, the findings suggest the need for:

- Stronger integration between planning and budgeting functions
- Greater investment in capacity-building for financial staff
- Enhancement of coordination mechanisms among government units
- Accelerated adoption of integrated digital financial systems

These implications highlight the importance of strengthening institutional capacity to ensure financial management policies effectively support the Regent's development agenda.

## **4. Conclusion and Recommendations**

### ***Conclusion***

Based on the analysis of policy implementation in regional financial management in Indramayu Regency, several key conclusions can be drawn:

1. **Alignment between KUA–PPAS and RPJMD–RKPD is generally adequate but not optimal.** Although the planning and budgeting documents show increasing consistency, some programs during the initial implementation period were not fully synchronized. Improvements in subsequent years indicate growing institutional capacity and better inter-agency coordination.
2. **The APBD formulation process effectively supports the Regent's priority agenda.** Budget preparation generally reflects the strategic direction outlined in the RPJMD. The involvement of both executive and legislative bodies contributes to effective budget negotiation and validation, although delays and limited analytical capacity still pose challenges.
3. **Financial administration and reporting significantly contribute to correcting expenditure classification errors.** Reclassification procedures and strengthened internal verification have helped improve accuracy and compliance with financial regulations. This supports better accountability and transparency in regional financial management.
4. **Implementation challenges remain significant and multidimensional.** Key barriers include regulatory complexity, limited technical skills among staff, weak horizontal coordination, and suboptimal use of financial information systems. These issues hinder the full realization of financial management policy objectives.
5. **Financial management policies play an important role in achieving the Regent's vision and mission.** The study demonstrates that effective planning–budgeting integration, accurate financial administration, and strong institutional coordination are essential for

ensuring that development priorities are translated into tangible outcomes.

Overall, the findings highlight that regional financial management policy is not only a technical process but also an institutional and governance function requiring strong capacity, coordination, and commitment.

### **Recommendations**

Based on the conclusions above, the following recommendations are proposed to improve the implementation of financial management policies in Indramayu Regency:

#### **1. Strengthen Planning–Budgeting Integration**

Improve synchronization mechanisms between Bappeda, BPKAD, and line agencies to ensure full alignment between RPJMD, RKPD, and KUA–PPAS. Regular technical meetings and integrated planning workshops should be conducted.

#### **2. Enhance Human Resource Capacity**

Provide continuous training for staff involved in budgeting, financial administration, and reporting. Competency development should include understanding regulatory updates, analytical skills, and digital literacy.

#### **3. Improve Inter-Agency Coordination**

Strengthen coordination forums and create more structured communication channels to reduce inconsistencies in program indicators and delays in document submission. Clear timelines and accountability mechanisms must be established.

#### **4. Optimize the Use of Information Systems**

Accelerate the adoption of integrated financial management information systems. Improve system reliability, invest in IT infrastructure, and ensure that all staff are trained to use the system effectively.

#### **5. Simplify Regulatory Guidance**

Advocate for clearer, more consistent financial regulations to minimize confusion among implementers. The regional government should collaborate with provincial and national institutions to address regulatory overlaps.

#### **6. Strengthen Internal Control and Monitoring**

Enhance internal control mechanisms within BPKAD and line agencies to prevent misclassification of expenditures and improve compliance with financial rules.

### **7. Promote Evidence-Based Budgeting**

Increase the use of data and analytical tools in budget formulation to prioritize programs that demonstrate strong alignment with strategic development targets.

#### **Contribution of the Study**

This research contributes both theoretically and practically by:

- Providing empirical evidence on the dynamics of financial policy implementation at the regional level.
- Supporting theoretical models of policy implementation, especially Edward III and Mazmanian–Sabatier.
- Offering practical insights for improving governance, planning–budgeting integration, and financial accountability in local government.

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