

### Implementation of the Money Follow Program Concept in Performance-Based Budgeting in Indonesia

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#### Abstract

**Purpose:** The purpose of this study is to discuss how the implementation of the money follow program concept in performance-based budgeting in local governments in Indonesia.

**Design/Methodology/Approach:** This study uses descriptive research by using questionnaires in data collection. The questionnaires were distributed to regional work units as an element of implementing local government policies in Indonesia.

**Findings:** The results showed that the implementation of the money follow program concept in the implementation of performance-based budgeting in local governments in Indonesia has been well implemented. However, there are still obstacles, such as coordination between regional apparatus work units that is still difficult, the system used in planning and budgeting that is not yet adequate, and the limited budget owned by local governments to finance priority programs and activities.

**Practical Implication:** The implication of this research for local governments in Indonesia is to provide input to evaluate the system used in planning and budgeting and improve coordination between regional apparatuses so that the implementation of the money follow program concept can run smoothly.

**Originality/Value:** This research examines the implementation of the money follow program concept, which is a new concept in performance-based planning and budgeting in local governments in Indonesia.

**Paper Type:** Research paper.

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## INTRODUCTION

Regional autonomy is the right and authority of regions to manage their government affairs in the community's interests (Christia and Ispriyarso 2019; Sufianto 2020). Since regional autonomy, local governments have been given the authority to regulate and manage their government affairs, including regional financial management. The existence of budgeting reforms marked by the issuance of a package of laws in state finance, namely Law Number No. 17 of 2003 about on State Finance, Law Number No. 1 of 2004 on State Treasury, and Law Number No. 15 of 2004 on Examination of State Financial Management and Responsibility has consequences for the application of performance-based budgeting in regional financial management (Wardani and Silvia 2021).

Performance-Based budgeting is an approach to budgeting that focuses on the relationship between inputs, outputs, and outcomes as well as the effectiveness and efficiency of each program and activity implementation (Halim and Iqbal 2019; Borce and Nikolov 2015). The purpose of implementing performance-based budgeting is to create effectiveness and efficiency in government spending (Borce and Nikolov 2015). Since its inception, the concept used in performance-based budgeting is the money-follow function, which focuses on budget allocation based on the functions of each unit in government agencies (Ningsih, Wirahadi, and Fontanella 2018). However, over time, the facts on the ground show that there are still weaknesses in the concept, including stalled projects at the central level and the local government level due to a mismatch between planning and budgeting as well as spending that exceeds the set budget and political influence on Budgeting (Mauro, Cinquini, and Pianezzi 2019). Therefore, since 2014 the central government has made a policy to change the concept of performance-based budgeting from money follow function to money follow the program (Ningsih, Wirahadi, and Fontanella 2018).

The money follow program concept is a planning and budgeting concept that focuses on budget allocations based on the weight of programs/activities following the objectives set by the government and has a direct impact on society (Ningsih, Wirahadi, and Fontanella 2018; Suwanda et al. 2021). This concept only began to be applied at the ministry/agency/local government level starting in 2016. It was further stipulated in Government Regulation No. 17 of 2017 on synchronize the National Development Planning and Budgeting Process. Of the 38 provinces in Indonesia, the West Java Provincial Government is one of the local governments implementing the money follow program concept in its planning and budgeting since 2018. Based on data from the budget realization report of provincial governments throughout Indonesia in 2022, the West Java Provincial Government ranks first in the realization of the highest local government budget expenditure, which is 88.00 %, and the fifth highest local government budget revenue realization, which is 63.40 %. Therefore, based on the phenomena described above, the purpose of this study is to discuss how the implementation of the money follow program concept in performance-based budgeting in local governments in Indonesia.

## METHODS

The type of research used in this research is descriptive research. The location of this research is the West Java Provincial Government. The population in this study was 36 Local government work unit of West Java Province. The sampling technique used is saturated sampling or census because all the population is used as a sample, so the total sample in this study is 36 Local government work unit of West Java Province. The type of data used in this study is subject data (self-report data) in the form of opinions from respondents in each Local government work unit of West Java Province. The data source used in this study is primary data from distributing questionnaires given to 36 Local government work unit of West Java Province. Respondents in this study were local government work unit heads, planning/budgeting sections, and finance/accounting sections of each Local government work unit in West Java Province. The data analysis used in this research is descriptive. Descriptive analysis in this study explains the choice of respondents' answers from a scale of 1 to 5, which reflects the level of answers from very bad to very good. Descriptive calculations are carried out by looking at the mode and calculating the average answer from Local government work unit employees of West Java Province. The following is the formula used to calculate the average.

$$\text{Average} = \sum \frac{x}{n} \quad (1)$$

where:

x : Total observed value

n : Number of observations

After calculating the average results of respondents' answers, the scale range is calculated to see the

tendency of respondents' answers to each statement which can be calculated using the following formula.

$$\text{Scale Range} = \frac{(\text{Highest Score} - \text{Lowest Score})}{\text{Many Classes}} = \frac{(5 - 1)}{5} = 0,8 \quad (2)$$

Based on the scale range, an interpretation is made based on the predetermined scale. Table 1 is a scale interpretation based on the scale range according to Sugiyono (2021).

**Table 1.** Scale Range

Range	Interpretation
1.00 – 1.79	Strongly Disagree / Very Unfavorable
1.80 – 2.59	Disagree / Not Good
2.60 – 3.39	Less Agree / Less Good
3.40 – 4.19	Agree / Good
4.20 – 5.00	Strongly Agree / Very Good

Source: Sugiyono (2021).

## RESULTS AND DISCUSSIONS

### Assessment of the money follow program concept

The money follow program variable has three dimensions: thematic-holistic, integrative, and spatial (Christy, Walewangko, and Wauran 2019). These three dimensions are divided into eight indicators. The following summarises respondents' answers to the indicators in each dimension of the money-follow program variable.

#### Thematic-Holistic

Based on Annex I Presidential Regulation No. 79 of 2017 on the 2018 Government Work Plan, the thematic-holistic dimension relates to priority themes in preparing the government work plan for the central and local governments. The thematic-holistic dimension has four indicators which can be seen in Table 2 Thematic-Holistic Dimension Questionnaire Results are below.

**Table 2.** Thematic-Holistic Dimension Questionnaire Results

Indicator	1	2	3	4	5	Average	Interpretation
MFP1 Detailed planning of priority programs and activities each year.	0%	1.3%	11.7%	42.9%	44.2%	4.299	Strongly Agree
MFP2 Changes in programs and activities every year.	2.6%	9.1%	19.5%	27.3%	41.6%	3.961	Agree
MFP3 Always follow the changes in the local government budget.	0%	1.3%	6.5%	14.3%	77.9%	4.688	Agree
MFP4 Integration between local government work units in planning priority programs and activities.	0%	1.3%	15.6%	15.6%	67.5%	4.494	Strongly Agree
<b>Thematic-Holistic Dimension Assessment</b>						<b>4.361</b>	<b>Very Good</b>

Source: Primary data processed (2023).

Based on the results of the distribution of questionnaires which can be seen in Table 2 above, 44.2 % of respondents strongly agreed that there are already details related to priority programs and activities that will be implemented next year. This is because the programs and activities to be implemented are already

contained in the Long Term Development Plan and Regional Medium Term Development Plan documents of West Java Province. However, in planning and budgeting there are still obstacles, namely the limited budget for programs and activities, so each local government work unit must find other alternatives so that these limitations do not reduce the quality of the implementation of each program and activity. In addition, the budget proposed by each local government work unit sometimes differs significantly from the amount approved by the West Java Provincial Government. A total of 41.6 % of respondents, with an average of 3.961 agreed that the programs and activities planned by each Local government work unit in West Java Province had changed every year. These changes are conditional, for example due to the COVID-19 pandemic, adjusting activities and schedules for implementing activities, shifting, refocusing, and adding to the budget.

A total of 77.9% of respondents with an average of 4.688 agreed that they followed the changes in the local government budget according to instructions from the West Java Provincial Government. For example, in 2022, there were changes in the local government budget, namely for regional revenue from Rp31.54 Trillions to Rp32.10 Trillions (an increase of 1.78%); regional expenditure from Rp31.5 Trillions to Rp33.98 Trillions (an increase of 7.79%); financing receipts from Rp742.37 Billions to Rp2.66 Trillions (an increase of Rp1.92 Trillions); and financing expenditure from Rp757.54 Billions to Rp782.84 Billions (an increase of Rp25.3 Billions). The change in the financing revenue budget is due to the remaining over calculation of the previous year's budget based on the audit results from Audit Board of the Republic of Indonesia. Meanwhile, the changes in financing expenditures are allocated to meet the needs of the West Java Governor Election reserve fund in 2023 and the additional allocation of working capital to provincial enterprises. However, there are still obstacles in the system used in the local government budget changes, namely local government information system. When changes are made, sometimes local government information system errors are due to the large number of accesses each local government work unit makes. In addition, the components listed in local government information system are incomplete, especially those in capital expenditure. When there is a previous rotation, each local government work unit must update the accounts in local government information system again by coordinating with local government finance and asset office. A total of 66.2 % of respondents with an average of 4.473 strongly agreed that they coordinate with other local government work units in planning programs and activities that will be implemented over the next year. The coordination was carried out at the West Java Province local government work unit forum. The purpose of the local government work unit forum is to align the programs and activities of each local government work unit with the proposed programs and activities from the Musrenbang government-wide work plans in West Java Province. The existence of coordination between local government work units in planning and budgeting can encourage the creation of a collaboration between local government work units in the success of the Juara program through the team of teams.

### Integrative

Based on Annex I Presidential Regulation No. 79 of 2017 on the 2018 Government Work Plan, the integrative dimension relates to the resources used to implement priority programs and activities. The integrative dimension has two indicators that can be seen in Table 3 below.

**Table 3.** Integrative Dimension Questionnaire Results

	<b>Indicator</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Average</b>	<b>Interpretation</b>
MFP5	Integration between local government work units in the implementation of priority programs and activities.	0%	0%	14.3%	29.9%	55.8%	4.416	Agree
MFP6	Integration of funding sources for the implementation of priority programs and activities.	0%	0%	2.6%	24.7%	72.7%	4.701	Strongly Agree
<b>Integrative Dimension Assessment</b>							<b>4.559</b>	<b>Strongly Agree</b>

Source: Primary data processed (2023).

Based on Table 3 above, 55.8 % of respondents with an average of 4.416 agreed that they coordinated with other local government work units in implementing priority programs and activities. Coordination here is specifically carried out between the West Java Provincial local government work unit and the West Java Provincial Bappeda as the regional apparatus tasked with carrying out government affairs in the planning,

controlling, and evaluating regional development in West Java Province. However, there are still obstacles in this coordination related to the time and busyness of each local government work unit with their internal affairs. Each program and activity carried out by the local government work unit of West Java Province has minimum standards of service as a guideline for determining the type of essential services and quality of services in providing services to the community. Based on the West Java Provincial Regional Government Implementation Report, there are still problems in the implementation of these minimum service standards, namely not optimal community access to education because there are still sub-districts that do not have public schools, there are still districts/cities that have not reported in the event of a disaster or outbreak, the budget for disasters and outbreaks has not been allocated equally to all districts/cities, the available infrastructure, especially in the field of public works, is not all supportive, the budget refocusing in 2021 has caused the service budget for communities affected by the enforcement of local regulations and Head Local Government Regulation in West Java Province to be unavailable, and the COVID-19 pandemic has caused restrictions on activities between regions, causing several programs and activities to be hampered.

A total of 72.7% of respondents with an average of 4.701 also agreed that there is integration of funding sources in implementing priority programs and activities of West Java Province. The primary source of funding for implementing these programs and activities is the West Java Provincial local government budget. Still, there is also funding from revenue sharing fund, general allocation fund, special allocation fund, and grants. In 2023, the West Java Provincial Government received transfer funds from the central government in the form of revenue sharing fund amounting to Rp2,198,044,917,000 originating from taxes and natural resources; general allocation fund of Rp3,298,968,208,000; special allocation fund of Rp5,033,727,259,000; and grants of Rp7,752,000. The general allocation funds obtained were allocated to finance the payroll of Government Employees with Employment Agreement formations, village funding, education, health, and public works. The special allocation funds obtained by the West Java Provincial Government are divided into physical special allocation fund and non-physical special allocation fund. Physical special allocation funds are allocated to finance education, health, irrigation, agriculture, marine and fisheries, and small and medium industries.

Meanwhile, non-physical special allocation funds are allocated to finance operational assistance for education units, regional civil servant teacher allowances, operational assistance for organizing museums and cultural parks, health operational assistance, capacity building funds for cooperatives and micro and small businesses, funds for women and child protection services, and investment facility funds. Grants obtained by the West Java Provincial Government came from foreign loans that were granted amounting to Rp7,752,000. The funds were used to finance the IPDMIP (Integrated Participatory Development and Management of Irrigation Project) program. The IPDMIP program is a West Java Provincial government program that aims to create a sustainable irrigation system.

### Spatial

Based on Annex I Presidential Regulation No. 79 of 2017 on the 2018 Government Work Plan, the spatial dimension relates to the clarity of function and integration of the location of the implementation of priority programs and activities. The spatial dimension has two indicators that can be seen in Table 4 below.

**Table 4.** Spatial Dimension Questionnaire Results

	<b>Indicator</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Average</b>	<b>Interpretation</b>
MFP7	There is a precise location of each program and activity planned by each local government work unit.	1.3%	0%	14.3%	40.3%	44.2%	4.260	Strongly Agree
MFP8	There is a connection between the infrastructure needed in each program and activity.	0%	0%	16.9%	49.4%	33.8%	4.169	Agree
<b>Spatial Dimension Assessment</b>							<b>4.215</b>	<b>Very Good</b>

Source: Primary data processed (2023)

The spatial dimension is one of the approaches used in preparing the 2018 government-wide work plans (Government Work Plan). The spatial dimension relates to the function of locations integrated with implementing priority programs and activities. Based on Table 4 above, 44.2% of respondents with an

average of 4.260, strongly agree that each program and activity planned by them is evident where the program and activity will be implemented. This is because all complicated matters relating to the programs and activities to be implemented, one of which is the location, must be included in the planning documents and adjusted to the locus of the activities to be implemented. For example, one of the activities in the West Java Provincial Government program in the health sector is Integrated Health Center and Champion. During the planning of the 2023 program and activities, the West Java Provincial Government has determined that the locus of the Integrated Health Center and Champion activities in 2023 is in eight districts/cities in West Java, including Cirebon City, Pangandaran Regency, Cirebon Regency, Kuningan Regency, Banjar City, Cianjur Regency, Sukabumi Regency, and Tasikmalaya City.

A total of 49.4% of respondents, with an average of 4.169, also agreed that the available infrastructure had supported implementing programs and activities to be carried out by the West Java Provincial local government work unit. This is related to the regional development priorities of West Java Province in 2023, one of which is the development of regional connectivity infrastructure and environmental management, as well as the development of tourism destinations and infrastructure. However, based on BPS data in the West Java in Figures 2023 report, of the total length of West Java roads, namely 28,030.12 KM, there is 2,015.96 KM of roads in a state of disrepair and 2,408.82 KM of roads in a state of heavy damage. In addition, based on the West Java Province local government implementation report, land facilities that support the implementation of public works affairs are not all owned by the government, so it requires a sufficient budget and a long negotiation to free the land.

Based on the explanation above, the assessment of each local government work unit on the application of the money follow program concept in planning and budgeting can be seen in Table 5 below.

**Table 5.** Money Follow Program Variable Assessment

No	Dimensions	Average	Interpretation
1	Thematic-Holistic	4.361	Very Good
2	Integrative	4.559	Very Good
3	Spatial	4.215	Very Good
<b>Money Follow Program Variable Assessment</b>		<b>4.378</b>	<b>Very Good</b>

Source: Primary data processed (2023).

Table 5 above shows that the average assessment of the application of the money follow program concept is 4.378 or classified as very good criteria because the implementation of the money follow program concept has precise planning and coordination between local government work units in planning, budgeting, and implementing government priority programs/activities, and a precise location of each planned program/activity. However, the assessment results show a value that is not optimal at 5.00 because in the implementation of the money follow program concept, there are still obstacles, including the system used to compile/revise the local government budget; sometimes errors during working hours, there are still problems in implementing minimum standards of service, and not all infrastructure that supports the implementation of priority programs and activities is adequate.

### Performance based budgeting

Performance-based budget variables have five indicators: budget planning, budget implementation, budget transparency and accountability, budget efficiency and effectiveness, and performance evaluation (Anggraeni and Saleh 2020; Ginanjar et al. 2019). These five dimensions are divided into ten indicators. The following is a summary of respondents' answers to indicators in each dimension of the performance-based budget variable.

### Budget planning

Budget planning is a stage to determine steps and strategies for achieving predetermined goals (Triyono, Kalangi, and Alexander 2019). Budget planning made by local governments needs to be adjusted to the strategic plan that has been determined because the strategic plan is the main guideline for achieving the objectives of local government organizations (Adhi, Hakim, and Makmur 2019). Respondents were asked to assess the budget planning carried out by their respective local government work units. The following is Table 6 of the Budget Planning Dimension Questionnaire Results.

**Table 6.** Budget Planning Dimension Questionnaire Results

	<b>Indicator</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Average</b>	<b>Interpretation</b>
PBB1	There is a link between budget planning and the West Java Province local government work unit strategic plan.	0%	0%	7.8%	57.1%	35.1%	4.273	Strongly Agree
<b>Budget Planning Dimension Assessment</b>							<b>4.273</b>	<b>Very Good</b>

Source: Primary data processed (2023)

Based on Table 6 above, 57.1 % with an average of 4.273, strongly agreed that the budget plans made by each local government work unit were by the West Java Province local government work unit strategic plan document. This means that the budget planning made by each local government work unit has referred to the performance indicators set in the strategic plan of each local government work unit in West Java Province. The basis for making the local government work unit strategic plan is the West Java Provincial Government's local government medium term. A clear example that there is a link between the budget planning carried out by each local government work unit and the West Java Province local government work unit strategic plan, namely, the initial draft of the West Java Province local government work unit strategic plan is an input in the formulation of the draft local government medium term which will later be discussed in the local government medium term Musrenbang. Later, after the local government medium term is stipulated by regional regulation, it will become the basis for the preparation of annual regional planning and budgeting carried out by each local government work unit in the local government.

### Budget implementation

Budget implementation is the stage of implementing the budget by the predetermined budget planning (Ginanjar et al. 2019). Budget implementation carried out by local government work unit in local governments requires monitoring from local government work unit leaders so that budget implementation is by predetermined plans (Ginanjar et al. 2019). The budget implementation dimension has two indicators which can be seen in Table 7 below.

**Table 7.** Budget Implementation Dimension Questionnaire Results

	<b>Indicator</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Average</b>	<b>Interpretation</b>
PBB2	Direct supervision of budget execution.	0%	1.3%	6.5%	32.5%	59.7%	4.506	Strongly Agree
PBB3	Recording by the accounting department.	0%	0%	0%	16.9%	83.1%	4.831	Strongly Agree
<b>Budget Implementation Dimension Assessment</b>							<b>4.669</b>	<b>Very Good</b>

Source: Primary data processed (2023)

Based on Table 7 above, 59.7 % of respondents, with an average of 4.506, strongly agreed that local government work unit leaders supervise budget implementation in each local government work unit. This can be proven by the evaluation carried out by local government work unit leaders on budget implementation by providing feedback in assessing whether the budget implementation has gone well. In addition, there are Monev (Monitoring and Evaluation) activities and the Application of Public Information Disclosure to Public Bodies in West Java Province. This activity is a form of supervision and evaluation carried out by the Governor of West Java Province as the regional head to all regional apparatus and provincial enterprises in West Java Province.

Starting in 2022, the Monev activity will be carried out through E-Monev (Electronic Monitoring and Evaluation). E-Monev aims to improve the services of the regional apparatus and Regional Budget Office of West Java Province and the Public Information Openness Index ranking of West Java Province. However, the E-Monev system also turns out to still have weaknesses, namely, the E-Monev system experiencing errors during working hours which causes sub-sub activities that do not appear in the system. So, this impacts the monev report of an agency in that quarter that cannot reach the predetermined target. In addition to E-Monev constraints, there are other obstacles faced by the majority of local government work units related to this monev activity, namely program and activity data in each section in local

government work unit or each Technical Implementing Service Unit (of the government) in local government work unit submitted late to the planning section. So that when an evaluation is to be carried out, the planning section has not yet obtained the data, which results in the evaluation activity being postponed.

A total of 83.1 % of respondents, with an average of 4.831, strongly agreed that the accounting section in each local government work unit continuously records all transactions made into the local government information system. The recording is done after the local government work unit has finished carrying out the activity. The activity of inputting transactions into local government information system has been ordered by the Ministry of Home Affairs of the Republic of Indonesia since 2019. Still, it was only implemented within the West Java Provincial Government in 2021. One of the achievements achieved by West Java Province in the implementation of local government information system is that West Java Province is used as a pilot model for implementing local government information system for other local governments in Indonesia. In the implementation of local government information system, of course, there are still weaknesses, namely the local government information system website sometimes experiences errors during working hours, which can hamper the data input process for making local government work unit financial reports.

### Budget transparency and accountability

Budget transparency and accountability are principles in performance-based Budgeting (Hermanto 2020). Respondents were asked to assess budget transparency and accountability in each local government work unit in implementing performance-based budgeting. Table 8 summarizes the respondents' answers to budget transparency and accountability dimensions.

**Table 8.** Results of the Budget Transparency and Accountability Dimension Questionnaire

	<b>Indicator</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Average</b>	<b>Interpretation</b>
PBB4	Information disclosure to those who need it.	0%	2.6%	23.4%	41.6%	32.5%	4.039	Agree
PBB5	Publication of local government work unit financial reports at least once every six months on the website of each local government work unit of West Java Province.	19.5%	6.5%	23.4%	26%	24.7%	3.229	Disagree
PBB6	Financial report information is updated on the West Java Province local government work unit website at least once a year.	11.7%	5.2%	11.7%	31.2%	40.3%	3.831	Agree
PBB7	Preparation of local government work unit financial reports every year.	0%	0%	1.3%	2.6%	96.1%	4.948	Strongly Agree
<b>Assessment of Budget Transparency and Accountability Dimensions</b>							<b>4.012</b>	<b>Good</b>

Source: Primary data processed (2023)

Based on Table 8 above, 32.5 % of respondents, with an average of 4.039 agreed that the information provided by each local government work unit is easily accessible to those who need information. All information or data the public can know is available on one website developed by the West Java Provincial Government, namely on the [opendata.jabarprov.go.id](http://opendata.jabarprov.go.id) page. However, sometimes the update of data or information on the website is late due to delays in submitting data or information from the relevant local government work unit to West Java Department of Communication and Information. A total of 24.7 % of respondents, with an average of 3.229 disagreed that each local government work unit publishes financial reports every six months on the local government work unit website or the West Java Provincial



Government website. This is because the publication of financial reports is carried out once a year after an audit by Indonesian Audit Board. The only published financial statements are the consolidated financial statements of the West Java Provincial Government. The publication is on the West Java Portal website, <https://jabarprov.go.id/>, which the West Java Department of Communication and Information manages.

A total of 40.3 % of respondents, with an average of 3.831 agreed that each local government work unit updated their financial report information. However, the update of financial report information carried out by each local government work unit is not directly through the website but by providing financial reports per month, quarterly, semesterly, and annually to local government finance and asset office West Java Province. This is because updating financial report data on the Portal website is the task of West Java Department of Communication and Information after the annual financial statements of each local government work unit are combined into the Consolidated Financial Statements of the West Java Provincial Government and audited by Audit Board of the Republic of Indonesia. A total of 96.1 % of respondents, with an average of 4.948, strongly agreed that each local government work unit prepares financial reports every year. The result is regulated in Government Regulation No. 12 of 2019 Article 10 on Regional Financial Management which states that the Head of local government work unit as a budget user, is responsible for preparing and submitting The financial reports that each local government work unit must prepare to include a budget realization report, balance sheet, operational report, statement of changes in equity, and notes to financial statements. These financial reports must be submitted to the Governor of West Java through head of local government financial management office no later than two months after the end of the fiscal year.

### Budget efficiency and effectiveness

Budget efficiency and effectiveness emphasize that the budget available to local governments must be appropriately utilized to improve public welfare (Halim 2007). Respondents in each local government work unit of West Java Province were asked to assess budget efficiency and effectiveness. The following is presented in Table 9, a summary of respondents' answers to budget efficiency and effectiveness in implementing performance-based budgeting in West Java Province.

**Table 9.** Budget Efficiency and Effectiveness Dimension Questionnaire Results

	Indicator	1	2	3	4	5	Average	Interpretation
PBB8	There is a small budget allocation for each program and activity implementation.	0%	0%	9.1%	24.7%	66.2%	4.571	Strongly Agree
PBB9	There are no programs and activities that are not implemented.	0%	1.3%	7.8%	53.2%	37.7%	4.273	Strongly Agree
<b>Assessment of Budget Efficiency and Effectiveness Dimensions</b>							<b>4.422</b>	<b>Very Good</b>

Source: Primary data processed (2023)

Based on Table 9 above, 66.2 % of respondents, with an average of 4.571, strongly agreed that each local government work unit utilizes the budget by the predetermined budget ceiling. All of the budgets are allocated to the implementation of programs and activities that each local government work unit has planned. However, based on the West Java Provincial Local Government Implementation Report, there are still budgets that have not all been absorbed, including Rp12,944,356,990 for the development of the social welfare sector carried out by Social Department in West Java Rp1,986,867,069 for programs supporting regional government affairs and Rp711,451,062 for programs to improve public peace and order carried out by Civil Service Police Unit in West Java and Rp286,192,564,329 for programs and activities at Education Department in West Java. A total of 53.2 % of respondents with an average of 4.273 strongly agreed that the programs and activities planned annually by each local government work unit could be implemented. However, there are still obstacles in the implementation of these programs and activities, including the COVID-19 pandemic, which has caused activity restrictions on the implementation of programs and activities and budget refocusing, which has caused budget allocations that were initially for the implementation of programs and activities to be focused first on buying vaccines, medicines, personal protective equipment for health workers, and other matters in the health sector related to handling the COVID-19 pandemic.

### Performance evaluation

Performance evaluation is one of the stages in performance-based budgeting. Performance evaluation is carried out to determine strategies or efforts to achieve predetermined goals (Ginanjar et al. 2019). The following Table 10 is a summary of respondents' responses to the performance evaluation dimension.

**Table 10.** Performance Evaluation Dimension Questionnaire Results

Indicator	1	2	3	4	5	Average	Interpretation
PBB10 Periodic evaluation of the implementation of each program and activity.	0%	0%	7.8%	28.6%	63.6%	4.558	Strongly Agree
<b>Performance Evaluation Dimension Assessment</b>						<b>4.558</b>	<b>Strongly Agree</b>

Source: Primary data processed (2023)

Based on Table 10 above, 63.6 % of respondents, with an average of 4.558, strongly agreed that the leaders of each local government work unit regularly evaluate the implementation of programs and activities carried out by each local government work unit. In general, the evaluation carried out by the local government work unit leader is carried out every month. The result is done to determine whether or not the strategies used in implementing these programs and activities are good. So that later, each local government work unit head can make policies if there are deviations in implementing these programs and activities. Currently, evaluation activities in implementing programs and activities of each local government work unit have been carried out digitally through the E-Monev (Electronic Monitoring and Evaluation) website on the <https://e-monevkijabar.com/> page. So that evaluation activities will be more accessible and more systematic because all conventional reports will be replaced and integrated with one reporting system, namely E-Monev. However, most local government work units complained that sometimes the E-Monev application experienced errors during working hours, such as the non-appearance of several sub-activities, which could hinder the process of making monitoring and evaluation reports for each local government work unit.

Based on the explanation above, the assessment of the implementation of performance-based budgeting can be seen in Table 11 below.

**Table 11.** Performance-Based Budgeting Variable Assessment

No	Dimensions	Average	Interpretation
1	Budget Planning	4.273	Very Good
2	Budget Implementation	4.669	Very Good
3	Budget Transparency and Accountability	4.012	Good
4	Budget Efficiency and Effectiveness	4.422	Very Good
5	Performance Evaluation	4.558	Very Good
<b>Performance-Based Budgeting Variable Assessment</b>		<b>4.387</b>	<b>Very Good</b>

Source: Primary data processed (2023)

Based on Table 11 above, it can be seen that the average assessment of the application of performance-based budgeting is 4.387 or classified as very good because the budget plan made by each local government work unit follows the West Java Province local government work unit strategic plan document; the existence of monitoring and evaluation activities through the E-Monev system; the recording of financial transactions in local government information system, updating data and information; the preparation of financial reports every month, quarter, semester, and year; and budget utilization following the predetermined budget ceiling. However, this assessment has not yet obtained an optimal score of 5.00 because there are still obstacles, such as the COVID-19 pandemic, which causes restrictions on the implementation of programs and activities, budget refocusing, delays in submitting data or information from local government work unit to West Java Department of Communication and Information which causes delays in the process of updating data or information on the [opendata.jabarprov.go.id](https://opendata.jabarprov.go.id) website, there is still a budget that has not been absorbed, and the system used to conduct monitoring and evaluation sometimes errors during working hours.

### CONCLUSION

Based on the research results on the implementation of the concept of money follow program in the implementation of performance-based budgeting in Indonesia, the concept of money follow program in performance-based budgeting has been implemented well. However, there are still obstacles faced, including

budget constraints; coordination between local government work units in implementing priority programs and activities; infrastructure supporting the implementation of programs and activities is not adequate; the system used to compile/revise the local government budget and monitoring and evaluation sometimes errors during working hours; and the COVID-19 pandemic which caused limited implementation of programs/activities and budget refocusing which caused budget allocations that were initially for the implementation of programs and activities to be focused first on buying vaccines, medicines, personal protective equipment for health workers, and other matters in the health sector related to handling the COVID-19 pandemic.

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