

## The Role Of Cash Planning In Budget Absorption: Perception Testing

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**Abstract:** This research aims to observe how cash planning moderates the factors that influence budget absorption. In addition, to see the effect of the quality of budget planning, knowledge of systems and procedures, and competence of human resources on the performance of budget absorption. This research was conducted at the Head Office of the Ministry of Finance using a sample of 66 executive employees in the finance department with a minimum of 1st-degree education and a minimum of 2 years of work. This study uses quantitative methods and all variables are measured based on an interval scale and data processing is carried out using smart PLS. The results showed that cash planning was not proven as a moderating variable. Other results show that only the quality of budget planning has a significant positive effect on the performance of budget absorption. Meanwhile, the knowledge of the system procedure variable and the HR competency variable has a positive but not significant effect on the performance of budget absorption.

**Keywords:** public sector accounting; government accounting; budget absorption; cash planning.

**Abstrak:** Riset ini memiliki tujuan untuk mengamati bagaimana perencanaan kas memoderasi faktor-faktor yang mempengaruhi penyerapan anggaran. Selain itu juga untuk melihat pengaruh dari kualitas perencanaan anggaran, pengetahuan system dan prosedur, dan kompetensi SDM terhadap kinerja atas penyerapan anggaran. Penelitian ini dilakukan di Kantor Pusat Kementerian Keuangan dengan menggunakan sampel yaitu 66 pegawai pelaksana di bagian keuangan dengan minimal pendidikan strata 1 dan minimal 2 tahun bekerja. Penelitian ini menggunakan metode kuantitatif dan semua variabel diukur berdasarkan skala interval serta pengolahan data dilakukan menggunakan smart PLS. Hasil penelitian menunjukkan bahwa perencanaan kas tidak terbukti bukan sebagai variabel pemoderasi. Hasil lainnya menunjukkan bahwa hanya kualitas perencanaan anggaran yang memiliki pengaruh positif signifikan terhadap kinerja penyerapan anggaran. Adapun variabel pengetahuan system prosedur serta variabel kompetensi SDM memiliki pengaruh positif namun tidak signifikan terhadap kinerja penyerapan anggaran.

**Kata kunci:** akuntansi sektor public; akuntansi pemerintah; penyerapan anggaran; perencanaan kas.

## INTRODUCTION

Seeing the implementation of state financial reform in Indonesia which has been going on for quite a long time, of course, has resulted in the achievement of state financial management performance as well as various other achievements of the Government that can be enjoyed by all Indonesian citizens. The Ministry of Finance, which is a representative of the Government as well as a Government agency that carries out a strategic role in managing the State Revenue and Expenditure Budget (APBN), strives to continue to reform the quality of managing state wealth and finances in a good and sustainable manner.

In the 2017 Ministry of Finance Performance Report, it was stated that in that year, the attention of the Government's work plan was to streamline Government spending to achieve economic equity. This includes improving the quality of human resources, developing infrastructure, and eliminating gaps.

Government spending itself faces a phenomenon that continues to occur almost every year at the center and the regions. These phenomena include the low level of budget absorption in Indonesia. As we all know that the current focus of the Government is on infrastructure development in various regions, using both APBN and APBD funds. This of course requires full support from all elements of the Ministry in Indonesia, especially the Ministry of Finance. This support can be seen clearly from the acceleration of government spending which should have been implemented starting in the first quarter. But in reality, there is always a build-up of government spending in the last quarter (fourth quarter).

Based on data from the Cabinet Secretariat, the Ministry of Finance has divided into 3 categories of budget absorption in each Ministry and Institution (K/L) based on the percentage of budget absorption, namely: high budget absorption; currently; and low.

Based on the book "Government Report on the Implementation of the First Semester of 2016 State Budget" which was submitted by the Minister of Finance to the DPR, it was explained that several 41 Institutional Ministries were in the category of high absorption, which was above 34.2%; 16 Institutional Ministries with moderate absorption between 27.5% to 34.2%; and 30 others with low absorption, under 27.5%.

According to the Public Relations of the Ministry of Finance, the 10 Ministries/Institutions that have the highest absorption are: BPS (62.3%); Bawaslu (56%); c) BPLS (53.8%); DPD (52.5%); KPU (47.8%); f) BPKPB and PB Batam (47%); BSN (44.7%); MA (44.5%); KY (43.8%) and BKN (43.2%).

Still, according to the Public Relations of the Ministry of Finance, there are 10 K/L that have moderate budget absorption, namely Bapeten (34.1%); LKPP (33.9%); Ministry of Agriculture (33.9%); Ministry of Law and Human Rights (33.7%); Ministry of Education and Culture (33.5%); KPPU (33.1%); DPR (32.8%); State Secretariat (31.8%); Coordinating Ministry for Economic Affairs (31.8%) and Ministry of Home Affairs (31.3%).

Meanwhile, 10 K/L with the lowest absorption capacity are Bakamla (2.7%); Bekraf (5%); LSN (6.2%); Ministry of Women's Empowerment and Child Protection (11.5%); BPKPB and PB Sabang (11.9%); Wantanas (13.4%); Coordinating Ministry for Maritime Affairs (14.4%); Ministry of Village, PDT, and Transmigration (16.5%); BPWS (17.1%); and the Coordinating Ministry for Human Development and Culture (17.8%).

Based on the Circular Letter of the Minister of Finance Number SE-35/MK.1/2017

concerning Procedures for Calculation of Key Performance Indicators, in the percentage of the quality of budget implementation at the Ministry of Finance, it is stated that budget absorption is divided into two things, namely: budget absorption for the gross ceiling and the net ceiling. The difference: the absorption of the budget for the gross ceiling is the realization of the budget for the expenditures listed in the RKAKL of Ministries and Agencies as well as in the DIPA. The budget absorption (net ceiling) is the realization of goods and capital expenditures against the budget as stated in the RKAKL and DIPA.

According to SE-35, it is stated that there are 3 elements in achieving the quality of budget absorption, namely: Budget absorption for the net ceiling; real output achievement; and consistency. What is meant by consistency is the conformity of the fund withdrawal plan or cash plan with the realization of the monthly withdrawal of funds for goods and capital expenditures. If you look at the notion of consistency which is an element of budget absorption, then the absorption of the budget can be measured in a monthly, quarterly, semi-annual, or annual period.

Based on the 2017 performance report, the Ministry of Finance is obliged to carry out the management of state finances in an accountable, transparent, efficient, and effective manner by the principles of good governance.

According to Law no. 28 1999, one of the principles of good governance is accountability in which every activity must be accountable to the public, one of which is manifested in the preparation of the Central Government Financial Statements.

Central Government Financial Statements consist of Cash Flow Statement (LAK), Balance Sheet, Notes to Financial Statements (CaLK), Budget Realization Report (LRA), Operational Report (LO), Equity Change Report, LPSAL. Each financial report has a different function in conveying financial information from work units to the Central Government.

The LRA contains the realization of government expenditures and revenues in a year. The LRA contains information on the types and amounts of incoming income and expenditures in the APBN as well as their allocation. The comparison between income and expenditure can determine whether the country has a surplus or a deficit. According to (Mardiasmo, 2009), many things make the absorption of a small budget in the first semester so that it accumulates at the end of the year. These factors are PBJ documents; administrative records; budget planning; HR and money supply.

(Riawan, 2016) stated in his research that the quality of the budget and human resources affects the financial performance of local governments. In addition, the local management information system (SIMDA) also strongly moderates the influence of HR and budget performance on local government financial performance. Meanwhile, (Sari et al., 2019) stated that several causes of low budget absorption are human resources, planning, administration, and implementation factors. Meanwhile, according to Henry (2018) that the quality of DIPA affects the quality of budget absorption but cash planning does not affect absorption.

According to (Novianty et al., 2018) that the application of accounting information systems, the quality of human resources, and participation in budgeting have a positive influence on the performance of local governments.

Meanwhile, according to (Rifqi et al., 2017) that only understanding the system and organizational commitment have a positive influence on-budget performance. Meanwhile, external pressure does not affect budget performance.

The novelty in this research when compared to other research is to include the cash planning variable as a moderating variable which is thought to strengthen or weaken the influence of the independent variable on the dependent variable. Many studies related to budget absorption have been carried out. However, no one has included the cash planning variable as a moderating variable. Cash planning is important to do to control as well as control the Government over the implementation of state spending. The accumulation of budget absorption at the end of the year is a problem that arises from year to year and has the potential to hamper the development process so that this research is expected to produce new findings that are beneficial to the Government and the community.

## THEORETICAL REVIEW

**Theory of Planned Behavior (TPB).** (Ajzen, 1991) developed TPB The main focus is the individual's intention to perform a certain behavior. According to (Bagheri et al., 2019), 3 things determine the intention to behave, namely: attitudes towards behavior, subjective norms, and perceived behavioral control.

TPB can be used to predict whether a person will perform or not perform a behavior. The theory not only emphasizes the rationality of human behavior, but also on the belief that a target behavior is under the control of individual consciousness or behavior does not necessarily depend on one's intentions, but also on other factors that are not under the control of the individual. , such as the availability of resources and opportunities to display the behavior (Bagheri et al., 2019). On this basis, Ajzen expands his theory by emphasizing the role of these abilities which are hereinafter referred to as *perceived behavioral control* (Ru et al., 2018).

**Theoretical Framework.** This study suspects that the performance of budget absorption is influenced by various factors, including factors that are thought to have contributed to strengthening the interrelationships between factors. If it is described as follows.

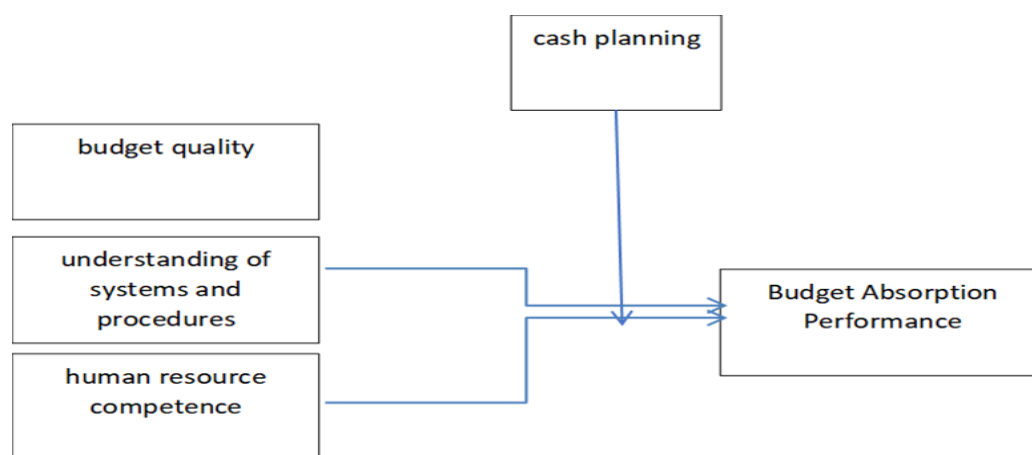


Figure 1. Research Model

**Quality of Budget Planning.** Research (Fitriany et al., 2015) shows that planning factors affect the causes of budget accumulation. Meanwhile, (Lannai, and Amin, 2020) explains that the planning factor has a significant effect on the absorption of the satker budget.

Likewise, (Ardianne et al., 2020) said that planning influences delays in budget absorption. Based on this, the following hypothesis can be put forward:

**H<sub>1</sub>:** Budget quality has a positive effect on budget absorption performance.

**Understanding of Systems and Procedures.** *"Standard Operating Procedure (SOP) is a written standard/guideline used to encourage and mobilize a group to achieve organizational goals".* (Sakti et al., 2020)

*"Standard Operating Procedure is a standard plan that outlines the steps to be followed in particular circumstances".* From this description, SOPs encourage organizations to work to achieve their goals.

(Friyani, and Hernando, 2019) states that an understanding of systems and procedures has a positive influence on the performance of budget absorption. Based on this, the following hypotheses can be put forward:

**H<sub>2</sub>:** Understanding systems and procedures has a positive effect on the performance of budget absorption.

**Competence of Human Resources Human.** Resources are the most important capital in human activities. Humans are the most important element to be analyzed and developed. Ability, time, and energy can be utilized optimally for the benefit of the organization as well as for the benefit of the individual. The main factor that determines the running of the government is human resources. This arises from human behavior as a workforce using their physical and psychological potential to the fullest in achieving organizational goals (institutions).

Research conducted by (Pribadi et al., 2020) found that HR has a positive effect on delays in budget absorption. Based on this description, the following hypothesis can be put forward:

**H<sub>3</sub>:** HR competence has a positive effect on the performance of budget absorption.

**CashCash.** Planning is an important part of budget absorption efforts. This is because good and careful cash planning can ensure the availability of funds to be used for government spending. This can prevent the possibility of delays in the work of the satker due to the lack of available funds (Lathifah, 2020). Based on this, the following hypothesis can be put forward:

**H<sub>4</sub>:** Cash planning strengthens the influence of budget quality, level of understanding, and HR competence on budget absorption performance.

## METHODS

**Design.** This study uses primary data from respondents from the finance department of the ministry of finance. This type of research is causal to test the hypothesis. This study used a questionnaire to collect data.

**Research Variables and Measurements The.** Measurement variables in this study used an interval scale. The operationalization of the variables along with the dimensions and indicators of each variable used, including a grid on the *items* and types of statements that will be used as material for the questionnaire instrument can be summarized and shown in the following table.

**Table 1.** Operational Definition

No	Variables	Dimensional	Indicator	Scale
1.	Quality of Budget Planning (X1)  (Halim, 2004)	Transparency and Accountability Budget	1. goals 2. target 3. results 4. benefit	interval
		Discipline Budget	1. Programs/activities according to budget 2. Approval of programs and budgets 3. Activities according to plan	interval
		Budget Fairness	1. Budget from taxes and levies 2. Allocations budget equitably 3. Budget benefits the community	interval
		Efficient Budget and Effective	1. Timely 2. Appropriate 3. Accountable	interval
		Compiled with a performance approach	1. According to performance with 2. Input proportional to the output	interval
2.	Understanding of Systems and Procedures (Poerwadar requested 2006).	understanding of budget planning (Government Regulation Number 90 2010)	1. Renja KL, RKP, and budget ceiling 2. Performance information 3. Detailed budget	interval
		understanding the implementation of the budget (Government Regulation No.	1. Implementation of commitment 2. Completion of the bill to the State 3. Administration of commitment 4. Issuance of Warrant	intervals of
		45 in 2013)	Disbursement 5. time completion rights bill to the State 6. type expenditure	

		understand overall responsibility for finance (Government Regulation No. 71 the Year 2010)	<ol style="list-style-type: none"> <li>1. Report of the implementation of the budget</li> <li>2. financial statement</li> <li>3. Notes to Financial Statements.</li> </ol>	interval
3.	Human Resource Competency (Wibowo, 2007)	Knowledge and (Knowledge) (Suhartini: 2011)	<ol style="list-style-type: none"> <li>1. understanding of the scope of tasks/jobs;</li> <li>2. understanding of the procedures for carrying out tasks/jobs;</li> <li>3. understanding of how to carry out tasks/jobs;</li> <li>4. appreciation of duty/job responsibilities;</li> <li>5. understanding of the challenges in the implementation of tasks/jobs;</li> <li>6. the suitability of the variation of knowledge possessed, with knowledge in carrying out tasks.</li> </ol>	interval
		Skills( <i>Skills</i> )(Suhartini, 2011)	<ol style="list-style-type: none"> <li>1. ability to determine how to complete the task/job;</li> <li>2. the ability to determine the best procedures in carrying out tasks/jobs;</li> <li>3. the ability to complete tasks well;</li> <li>4. the ability to determine the best size/volume of tasks that can be completed;</li> <li>5. the ability to determine the best a measure of the quality of the task/work that can be completed.</li> <li>6. the ability to predict the results of the implementation of the task</li> </ol>	interval
		Attitude(Attitude) (Walgito, 2004)	<ol style="list-style-type: none"> <li>1. Cognition</li> <li>2. Affection</li> <li>3. kongsi</li> </ol>	interval
4.	PlanningCash	Operationalization and cash planning regulation (PMK No. 192 / PMK.05 / 2009)	<ol style="list-style-type: none"> <li>1. Effectiveness Estimates Withdrawal</li> <li>2. Application QualityAFS</li> <li>3. ManagementInternal Satker</li> <li>4. Reward and Punishment System</li> <li>5. Regulation Cash Planning</li> </ol>	interval
5.	Budget Absorption Performance	Implementation (Artice 4 PMK 249/PMK.02/2011)	<ol style="list-style-type: none"> <li>1. Budget absorption</li> <li>2. Consistency between planning and implementation</li> <li>3. Achieving output</li> <li>4. efficiency</li> </ol>	Interval

(PMK 249/PMK.0 2/2011)	Benefits  (Article 4 4 PMK 249/PMK.02/2011)	Produce information about changes that occur in the community/stakeholders as beneficiaries (Achievement KPI)	interval
	Context	1. Input 2. Activities 3. Output 4. Results	interval

Source: Processed

**Population and Sample.** The population in this study are employees in the finance department within the scope of the echelon I head office of the Ministry of Finance. Based on the population, the researcher chose and decided to use the sample because of the limitations of time and energy. The samples taken are implementing respondents who are all employees in the finance department within the scope of the echelon I head office of the Ministry of Finance with the following criteria: Minimum education of S1 or Diploma 4; Minimum working period of 2 years; and carry out one of the functions of budgeting, budget execution and financial reporting in the echelon 1 work unit.

## RESULTS

**PLS Analysis Results from This.** The research was conducted to know about the effect of budget quality, understanding of systems and procedures, human resource competence, and the performance of budget absorption with cash planning as a moderating variable. In this study, the population is employees in the finance department within the scope of the echelon I head office of the Ministry of Finance. Respondents in the study were employees in the finance department within the scope of the echelon I head office of the ministry of finance.

The method used in this research is *Partial Least Square - Structural Equation Modeling* (PLS-SEM). The model approach in this study is based on the dimensions of each research variable which is a latent variable (*unobservable*). The first stage (*first-order*) in this research is by measuring reflectively from the indicators of each dimension as manifest variables (*observable*). In the second stage, it is measured reflectively from all indicators of each dimension and then measured reflectively from the dimensions of each study.



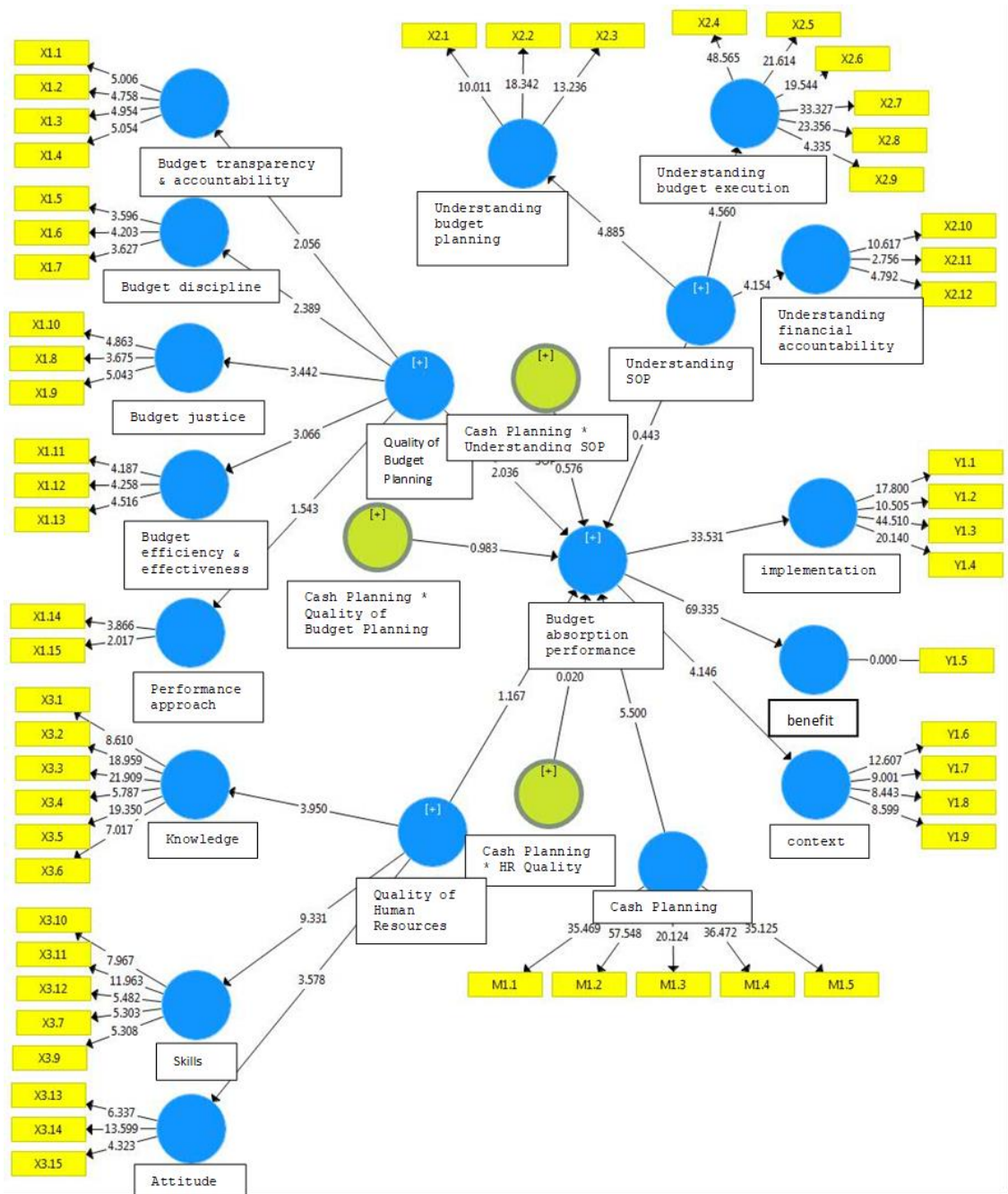


Figure 2. Output Image of Smart PLS

Source : Smart PLS

**Discriminant Validity of Budget Planning Quality Measurement The.** Square root value of AVE for each dimension construct and the correlation value between constructs in the budget planning quality measurement model can be seen in the following table:

**Table 2.** The square root of AVE Indicator of Budget Planning Quality

Dimension	Square Root of AVE
Transparency and Budget AccountabilityBudget	0.947
DisciplineBudget	0.860
FairnessBudget	0.865
Efficiency and Effectiveness	0.885
Compiled with Performance Approach	0.889can be

It is seen that the value of the square root of the AVE of each dimension is compositely higher than the correlation value between other dimension groups. The results of the evaluation of discriminant validity, both cross-loading and the square root of the AVE above, show that all indicators in each dimension group of the composite budget planning quality variable can be accepted for their discriminant validity.

**Discriminant validity of the measurement of understanding of systems and procedures.** AVE square root values for each dimension construct and the correlation value between constructs in the measurement model of understanding systems and procedures can be referred to in the table below.

**Table 3.** The square root of AVE Indicators Understanding Systems and Procedures

Dimensions	Square Root of AVE
Understanding Budget Planning	.938
Understanding the Budget Implementation	.870
Understanding Accountability finance	0,794

Source: Processed Data

Is seen that the value of the square root AVEpada any dimensional block in the composite is greater than the value of the correlation between the block dimensions other. The results of the evaluation of discriminant validity, either through cross-loading or the square root of AVE, show that all indicators of each block of dimensions of the composite system and procedure understanding variable can be accepted as discriminant validity.

**Discriminant Validity of Human Resource Competency Measurement.** The AVE square root value of each dimensional construct and the correlation value between constructs in the HR quality measurement model can be seen in the following table.

**Table 4.** The square root of AVE Competency Indicators Human Resources

<b>Dimensions</b>	<b><i>Square Root of AVE</i></b>
Knowledge	0.818
Skills	0.667
Attitudes	0.841

Source: Processed Data

It can be seen that the value of the square root of the AVE of each dimension block is compositely greater than the correlation value between other dimension blocks. The results of the evaluation of discriminant validity, either through cross-loading or the square root of the AVE above, show that all indicators in each dimension block of the composite HR quality variable can be accepted as discriminant validity.

**Discriminant Validity of Cash Planning Measurement.** The square root of the AVE for each dimensional construct and the correlation value between constructs in the cash planning measurement model can be seen in the following table.

**Table 5.** Cash Planning

<b>Dimensions</b>	<b><i>Square Root of AVE</i></b>
Operationalization and regulation of cash planning	0.936

Source: Processed Data

It appears that the result of the square root of AVE in each dimension group is compositely higher than the correlation value between other dimension groups. The results of the evaluation of discriminant validity show that all indicators in each dimension block on the composite cash planning variable can be accepted as discriminant validity.

**Discriminant Validity of Budget Absorption Performance Measurement.** The value of the AVE square of each dimension construct and the correlation value between constructs in the budget absorption performance measurement model can be referred to in the following table.

**Table 6.** The square root of AVE Budget Absorption Performance

<b>Dimensions</b>	<b><i>Square Root of AVE</i></b>
Implementation	0.886
Benefits	1,000
Context	0.893

Source: Processed Data

It can be seen that the AVE square root of each dimension block is compositely

greater than the correlation value between other dimension blocks. The results of the evaluation of discriminant validity show that all indicators in each dimension block of the composite budget absorption performance variable can be accepted as discriminant validity.

**Evaluation of Structural Models.** Evaluation of structural models is done by testing the significance of each path coefficient that shows the strong or weak influence of one variable on other variables.

**Hypothesis Testing The Effect of Budget Planning Quality on Budget Absorption Performance**

To see the level of influence of budget planning quality on budget absorption performance by looking at the parameter coefficient values and the significance value of statistical. Parameter coefficient values and t statistical significance values can be seen in the following table:

**Table 7.** Quality of Budget Planning and Budget Absorption Performance

	Original Sample (O)	Sample mean (M)	Standard Deviation (STDEV)	T statistics ((O/STDEV))	P values
Quality planning budget $\Rightarrow$ performance budget absorption	0.175	0.178	0.084	2.073	0.039

Source: Adapted

From this table, the coefficient parameters of 0175, which means there is a positive influence on the performance quality of budget planning budget absorption. The quality of budget planning affects the performance of the budget absorption of 17.5%, while the remaining 82.5% is influenced by other variables.

The higher the quality of budget planning, the higher the performance of budget absorption. The t-statistic value is 2.073 while the t-table value with a significance level of 5% = 1.997, the t-statistical value is greater than the t-table (2.073 > 1.997) and the significance level is <0.05. This means that the quality of planning has a significant effect on the performance of budget absorption. In conclusion, the hypothesis that the quality of budget planning has a positive and significant effect on the performance of budget absorption is acceptable.

**The Effect of Understanding Systems and Procedures on Budget Absorption Performance.** To see the level of influence of understanding systems and procedures on budget absorption performance by looking at the parameter coefficient values and the significance value of the t statistic. The value of the parameter coefficients and the significance value of the t statistic can be seen in the following table.

**Table 8.** Understanding SOP and Performance Budget Absorption

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (  O / STDEV  )	P values
Understanding SOP -> Performance Budget Absorption	0.036	0.038	0.077	0.471	0.638

Source: Outputs Smart PLS

Based on the table above, the magnitude of the parameter coefficient is 0.036, which means that there is a positive influence from understanding systems and procedures on the performance of budget absorption. Understanding of systems and procedures affects the performance of budget absorption by 3.6% and the remaining 96.4% is influenced by other variables. The greater the understanding of the *sisdur*, the higher the performance of budget absorption. The statistical t value is 0.471 while the t table value with a significance level of 5% = 1.997, the t statistic value is smaller than the t table ( $0.471 < 1.997$ ), and the significance level is  $> 0.05$ . This means that the understanding of systems and procedures does not have a significant influence on the performance of budget absorption. In conclusion, the hypothesis of understanding systems and procedures has a positive but not significant effect on the performance of budget absorption.

**Table 9.** HR Competencies and Budget Absorption Performance

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Human Resource Competence -> Absorption Performance budget	0.116	0.118	0.092	1.251	0.212

Source: Smart PLS Outputs

Based on the above table, the coefficient of 0.116 parameters means there is a positive influence on the performance of HR competencies budget absorption. Human resource competence affects the performance of budget absorption by 11.6%, while the other 88.4% is influenced by other variables. The higher the competence of human resources, the higher the performance of budget absorption. The t-statistic value is 1.251 while the t-table value with a significance level of 5% = 1.997, the t-statistical value is smaller than the t-table ( $1,251 < 1.997$ ) and the significance level is  $> 0.05$ . This means that the quality of human resources does not have a significant effect on the performance of budget absorption. In conclusion, the hypothesis of HR competence has a positive but not significant effect on the performance of budget absorption.

**The Role of Cash Planning on the Quality of Budget Planning, and Budget Absorption Performance.** To find out the role of moderating cash planning on the quality of budget planning and budget absorption performance, by looking at the parameter coefficient

values and the significance value of t statistics which can be seen in the following table.

**Table 10.** The Role of Cash Planning on the Relationship between Planning Quality and Budget Absorption Performance

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Cash Planning*Quality of Budget Planning -> Absorption Performance Budget	-0.103	-0.109	0.107	0.968	0.333

Source: Smart PLS Outputs

Based on the table above, the significance value of the interaction or moderating effect is shown by the t statistic of  $0.968 < 1.997$ . Thus, it can be concluded that cash planning is not a moderator of the influence of the quality of budget planning in the ministry of finance because it does not significantly affect the quality of budget planning on the performance of budget absorption.

**The Role of Cash Planning in the Relationship between System Understanding and Budget Absorption Performance.** The results of the test of the role of cash planning as a moderating factor in understanding systems and procedures on budget absorption performance by looking at the parameter coefficient values and t statistical significance values which can be seen in the table below:

**Table 11.** Cash Planning as Moderation of SOP Understanding and Budget Absorption Performance

	Original sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Cash Planning*SOP Understanding ->Absorption Performance Budget	-0.057	-0.042	0.100	0.572	0.568

Source: Smart PLS Outputs

Based on the table above, the significance value of the interaction or moderating effect is indicated by the t statistic  $0.572 < 1.997$ . Thus it can be concluded that cash planning is not a moderator of understanding systems and procedures because it does not significantly affect understanding of systems and procedures on budget absorption performance.

**The Effect of Cash Planning Moderates HR Competencies on Budget Absorption Performance.** To find out the moderating variables of cash planning moderate the understanding of systems and procedures on the performance of budget absorption by looking at the parameter coefficient values and the t statistical significance value which

can be seen in the following table.

**Table 12.** The Role of Cash Planning on the Relationship between HR Competency and Budget Absorption Performance

	<b>Original Sample (O)</b>	<b>Sample Mean (M)</b>	<b>Standard Deviation (STDEV)</b>	<b>T Statistics ( O/STDEV )</b>	<b>P Values</b>
<b>Cash Planning* HR Competency -&gt; Budget Absorption Performance</b>	0.001	-0.015	0.074	0.019	0.984

Source: Smart PLS Outputs

Based on the table above, the significance value of the moderating effect of interaction is shown by the t statistic of  $0.019 < 1.997$ . Thus it can be concluded that cash planning is not a moderator of the quality of human resources because it does not significantly affect the quality of human resources on the performance of budget absorption.

In conclusion, the hypothesis that cash planning has a strong effect on moderating budget quality, system understanding, and HR competence on budget absorption performance is rejected.

## **DISCUSSION**

Of the influence of budget planning quality on budget absorption quality. The results of the analysis show that budget quality variables have a positive and significant influence on budget absorption performance variables, namely the better the quality of the budget, the higher the budget absorption performance, and vice versa. The results of this research are in line with his research by (Barrett et al., 2019) which states that planning factors have a significant effect on the causes of budget accumulation.

The results of this research are also following the research of (Heriberta et al., 2018) which states that the planning factor has a significant effect on the absorption of the satker budget. These results also support research by (Nurhayati and Djuminah, 2018) which reveals that planning has a significant influence on delays in budget absorption. This budget planning can be reviewed for its effect on budget absorption through a revision of the DIPA in the form of expenditures or expenditures that are not as needed.

Following the Theory of Planned Behavior by (Ajzen, 1991), namely the existence of individual intentions to carry out certain actions. This is following the first hypothesis, namely the quality of the budget has a positive and significant influence on the performance of budget absorption. This means that there is a tendency that financial management officers tend to minimize the risk of not achieving performance by collecting budget absorption targets at the end of the year and tend to set relatively small budget absorption targets at the beginning of the year. That is the phenomenon of the behavior of financial managers in work units that are currently happening which hampers the performance of budget absorption.

**The Effect of Understanding the System of Procedures on the Quality of Budget Absorption.** Based on the results of statistical tests and the significance that understanding of systems and procedures on the performance of budget absorption has a positive but not significant effect. This result is not under (Wardhani et al., 2017) who conveyed the results that the understanding of *sisdur* has a significant effect on the performance of budget absorption. SOPs are stages that become standard and must be followed in completing a work process (Mehra et al., 2021) “*Standard Operating Procedure (SOP) is a written standard/guideline that is used to encourage and mobilize a group to achieve organizational goals*”. (World Health Organization., 2016). “*Standard Operating Procedure is a standard plan that outlines the steps to be followed in particular circumstances*”.

This means that SOPs are planning standards that explain the steps that need to be carried out in certain circumstances.

From this explanation, it is concluded that the Standard Operating Procedure (SOP) is a standard reference or guideline that contains work steps to encourage a group to do work and achieve organizational goals. (Griffin, 2011). Analysis that discusses the effect of understanding financial management systems and procedures on-budget performance. The higher the understanding of financial management systems and procedures, the better the performance in implementing the budget. Because the purpose of the existence of systems and procedures in managing finances is to produce a common understanding of the implementation in managing finances, someone will be helped and find it easy to implement the budget if they fully understand financial management systems and procedures. For example, Attachment I to the Regulation of the Mayor of Salatiga Number 72 of 2007 states that the objectives of the regional financial management system and procedures are as follows: (1) To guide the preparation, discussion, implementation, and accountability of regional revenue and expenditure budgets. (2) As a guideline for the implementation of the regional goods management system. (3) As a guideline for the implementation of regional financial management functions. (4) As a means of controlling and supervising/checking regional financial management. (5) As an effort to improve efficiency, effectiveness, transparency, and accountability of regional financial management. (6) As an effort to improve the performance of work units in the implementation of financial management.

According to the Head of Administration, in implementing the budget and making policies, one must have a comprehensive understanding. Based on statistical management, organizational commitment affects budget performance. The agreement as a form of organizational commitment to the Ministry of Finance is a signature of the fact of integrity. The Satker's desire is not to take formal action, namely, actions that do not comply with the regulations/deviate from the rules and material actions, namely actions that are intentional for profit/profit. So it can be concluded that the existing Satker has high integrity and commitment in implementing the budget and making policies.

According to the results of (Muslimat et al., 2020) research, organizational commitment has a significant effect on the company's financial performance. It can be concluded that external pressure in the form of demands and regulations made to regulate policies and implementation turns out to be difficult to implement because of the provisions that must be obeyed before implementing the budget so that the rules are one of the inhibiting factors in budget realization. However, suggestions from the public, the spotlight



from NGOs, and mass media news revealing budget absorption problems did not affect budget performance. This is because the community, official supervisors, BPKP as planning supervisor, BPK as the party that monitors financial management, and provincial supervisors have the right to evaluate as well as supervise the use of regional budgets. External pressure does not affect the performance of the budget because there is a strong commitment in the organization to implement the budget and formulate policies.

However, according to the Head of the Accounting Section of the Secretariat General, there is very high external pressure. It means that the APBN cannot be used because the object cannot meet the requirements that the APBN can provide funds (capital expenditure), because the conditions for using the APBN for capital expenditures are to finance heavy damage, while the existing damage is light so that the APBN for capital expenditures cannot be used. Utilized. The Commitment Making Officer (PPK) is an official appointed by the Budget User Authority (KPA) as the person in charge of the work for the implementation of the PBJ. Many officials are not willing to be appointed as PPK because PBJ regulations are still ambiguous and unstable, which causes officials to hesitate in making commitments. If you make a mistake, there is a high risk of being punished by the KPK. The doubts of these KDPs caused many activities not to be realized and resulted in high SILPA.

In addition, being the PBJ committee, PPK, and the work results inspection committee are required to have a PBJ certificate, while in reality only a small number of officials have been certified. Based on the description above, it can be seen that external pressure does indeed affect the performance of budget absorption. However, the types of questions from the questionnaire have not been able to measure these regulations because the rules related to the use of the budget still have multiple interpretations. The rules that should be considered are the rules that underlie technical guidelines and procedures for eradicating corruption.

In principle, the rules drawn up by the Central Government are to regulate policies and implementation in real terms, but in reality, it is difficult to apply them at the implementing level because they need to meet the applicable requirements first. In addition, some risks need to be faced by implementers when implementing the budget, which encourages doubts about implementing the budget and formulating policies.

According to TPB (Ajzen, 2006), humans are used to behaving sensibly and humans consider their actions based on available information and implicitly and explicitly consider the consequences of their behavior. In line with the second hypothesis, that financial management officers tend to follow the applicable rules and try to avoid sanctions by reducing the risk of violations. This means that financial management officials tend to avoid procurement projects whose value is relatively large for fear of an error resulting in a Claim for Compensation (TGR). This attitude will hamper the performance of budget absorption.

**The Effect of HR Competency on the Quality of Budget Absorption.** Based on the results of statistical tests and the significance that the quality of HR on the performance of budget absorption is a positive but not significant effect. This result is following (Adhika et al., 2018) who revealed that HR has a significant effect on delays in budget absorption.

(Galiakberova, 2019) states that HR is the most important capital and wealth of every human behavior. Humans as the absolute most important element to be analyzed and

developed. Time, ability, and energy can be used optimally for the benefit of individuals and organizations. One of the important elements that determine the course of government activities is reliable human resources. This can be seen from how humans as workers can take advantage of their physical and psychological potential to achieve organizational goals.

HR competence has a positive and significant effect on budget absorption. This means that the good or bad competence of human resources can affect the increase and decrease in budget absorption. From these results, it can be seen that there is a strong influence of the HR competency variable on budget absorption. (Musyoka, 2017) explains that the thing that affects the delay in budget absorption is the competence of HR by 7.80%. HR problems started from reluctance and fear to act as PBJ committee. This is due to the imbalance between the risk of the job and the rewards that are obtained. In addition, working as a procurement committee is an additional job in addition to the main work and daily routine so that the lack of competence in carrying it out is added to the lack of motivation as a result of the lack of appreciation, both materially and non-materially.

Furthermore, this hypothesis is reinforced by (Carlin, 2014) who also said that the element that affects budget absorption is HR competence. It can be seen in this study that HR competence is quite effective in increasing budget absorption. This is following (Putri, 2014), competence has a significant effect on the quality of the SKPD budget, due to the ability possessed by a budget maker who is expected to be able to make the right decisions, straightforward and fast. In addition, the competence possessed also shows the competence of employees in preparing budgets in the work unit where he is assigned with all the problems and challenges.

The results of this study are also following the frequency distribution table for the variable competence of human resources with an average level of achievement that is categorized as good. From these results, it can be seen that the competence in the work unit is categorized as good. So it can be concluded that the competence of good human resources in the work unit can increase budget absorption. This may be due to the creation of competent employees in their respective fields in the work unit. Maybe when the process of classifying/assigning employees has been achieved as it should be. So that employees can achieve the targets that have been set.

In increasing absorption, competence is needed so that government programs can run efficiently and effectively to increase the benefits of an activity. Competence has become a matter of concern and this has been able to increase budget absorption. So it can be concluded that if the competence of HR has been increased to the maximum, the absorption of the budget will also be maximized and if viewed from the responses of respondents regarding the variable of HR competence, then the competence of HR on budget absorption is optimal.

In behavioral theory, *self-efficacy* is an individual's assessment of his abilities and competencies in carrying out tasks, producing things, and achieving goals (Baron and Byrne 2000). This is in line with the third hypothesis that a person feels reluctant to be appointed as a financial management official because he feels he is unable to carry out the task or feels a lack of competence. This will certainly hamper the performance of budget absorption.

### **The role of Cash Planning on the relationship between budget quality, understanding**

**of the system, and HR competencies on Budget Absorption Performance.** Based on the results of statistical tests and the significance that cash planning is not a moderating variable of the quality of budget planning, understanding of systems and procedures as well as the competence of human resources on the performance of budget absorption.

This is presumably because cash planning has not yet become a crucial thing in the budget execution process. This means that even though there are regulations that regulate the obligations of the work unit to submit its cash planning continuously, this is not the cause of the good or bad performance of budget absorption.

In practice, cash planning is only a fulfillment of obligations as well as a form of compliance with applicable regulations. However, this is not considered as an element that interferes with or affects the performance of budget absorption. This is shown by the ease with which it is easy to revise the cash plan that has been made, even if the revision can be made at the time of submitting the disbursement of funds.

This is under research by (Seftianova and Adam, 2013). This research also shows that the accuracy of cash planning does not affect the quality of budget absorption, both in terms of proportionality and the level of budget absorption in each period. This can be explained by the implementation of cash planning which is still not optimal so that the optimal quality of budget absorption cannot be achieved.

Based on TPB (Ajzen, 1991), that the core of this theory is the existence of individual intentions to carry out certain behaviors. This means that cash planning is only a fulfillment of obligations as well as a form of compliance with applicable regulations. However, this is not considered as an element that interferes with or affects the performance of budget absorption.

## CONCLUSION

Based on the formulation of the problem, hypothesis testing, and discussion, the following conclusions can be drawn:

The quality of budget planning has a positive and significant impact on the performance of budget absorption, meaning that the higher the quality of budget absorption, the better the performance of budget absorption.

Understanding of systems and procedures has a positive but not significant effect on the performance of budget absorption. The performance of budget absorption in the Ministry of Finance is not fully influenced by understanding systems and procedures but is influenced by the implementation of the budget in each work unit, especially work units that have significant capital expenditures.

HR competence has a positive but not significant effect on the performance of budget absorption. Factors causing low budget absorption performance are because the rules change frequently so that it is often difficult and there are directions from the leadership regarding efficiency.

Cash planning as a moderating variable on the quality of cash planning, understanding of systems and procedures, and the quality of human resources on the performance of budget absorption is proven not to be a moderating variable. This means that the ups and downs of cash planning do not affect the performance of budget absorption.

**Limitations.** This research has limitations related to the number of samples used and only

involves employees at the implementing level and does not involve policy-making officials. The scope of the research is also only at the head office level in one Ministry.

**Suggestions.** Based on the results of this research, the researcher can propose the following suggestions: (1) Government regulations and policies should be enacted before cash planning begins so as not to confuse budget execution. (2) Improving the competence of human resources so that if there is a change in the rules in the middle of the road, it will not cause problems in budget execution. (3) Leadership directions related to efficiency must be carried out at the beginning of budget preparation so that the budget can be used to finance other very important needs so that there is no buildup of the budget at the end of the period. (4) Government policies and uncertain state conditions should be predicted so that the budget can be absorbed following budget planning.

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