

# Some Factors Causing Non-optimal Budget for Activities of Notary Regional Supervisory Board in 2016 Budget Year

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**Keywords:** Budget, Notary Regional Supervisory Board

**Abstract:** The objective of this research is to understand, investigate and analyze some factors being the constraints to non optimal budget for the activities of Notary Regional Supervisory in 2016 Budget Year, a study in East Java Regional Office of Law and Human Rights Ministry. Budget planning is a part of subsystem strategic planning, which is technically to be conducted based on performance of budget system that is preceded with performance planning. The application of performance budget system in the preparation of planning is initiated with formulation of strategic issues that are responded by a program and a relevant activity. In the implementation phase, the process of performance planning is addressed in the description of the National Medium-term Development Plan into Ministry/Institution Budget Work Plan. The non-optimal Budget for Activities of Notary Regional Supervisory Board in 2016 Budget Year were caused by: personal factor, coordination factor, non-responsive and low understanding on the reporting and Budget settlements.

## 1 INTRODUCTION

Budget problem is a classic issue in every organization. Like a double-edged sword, budget can be a strength and opportunity while at the same time it can be a barrier or threat for an organization. Budget is essential for an organization. The budget in a public sector organization always becomes a hot topic for discussion, starting from preparation, implementation up to evaluation stages as it loaded with political content.

Talking about budget is identical to figures and a number of estimation to carry out a number program and activities. Such budget is formed through a budgeting process. This process will become the success key for activities of budget preparation and implementation. Budgeting is one of stages in the planning process and managerial controlling for public sector organization (Mardiasmo, 2009). Target is set during the budget planning to achieve the organization's goal. The realization of target achievement is then reported during evaluation to assess the organization performance from various including finance.

Budgeting and budget execution cannot be separated from human participation, humans are the

ones who prepare and implement the budget they have made. Human behavior arises in the process of budget preparation and it is also human behavior that encourages people to survive living with the budget they have prepared (Lubis, 2014). Human behavior will affect their perceptions, so the differences in perception will certainly arise in the process of budget preparation and implementation. Motivations and needs of individuals or group differ from other individuals' and groups'. Participation, commitment, coordination, communication and cooperation from all parties in an organization are needed in order to unite and synergize such differences in motivation and needs. This is done so that the decision making related to budget can be carried out in an effective and efficient way in order to achieve the organization's goal.

A number of behaviorism consequences arise in the budgeting and budget execution, some of which are pressure, motivation, aspiration, and anxiety (Lubis, 2014). The consequence triggers the rise of dysfunctional behavior in an organization. In addition to that, there are many other factors that also influence human behavior in doing the budgeting and executing the budget in an organization, some of them are size and organization structure, leadership style, the type of control system

and environmental stability. As a public sector organization, General Legal Administration (AHU) & Intellectual Property (KI) sub-sector of East Java Law Ministry and Human Rights Regional Office also prepares and implements budget. The budget is in the form of document of budget and budget implementation. One of budgeting and budget implementation documents. One of budgeting documents is Work Plan and Ministry and Institution Budget (RKA-K/L) and budget needed to carry out the intended work plan. The work plan of Ministry/Institution comprises of information about vision, mission, objective, program, expected milestone, activities, as well as expected output, while budget comprises of information about cost for each program and activity for the planned year.

The stage of budget preparation is an important one because an effective budget yet does not focus on performance can even mess up the programs that have been prepared in advance. Often in common practice, budget preparation seems to be a separate part from strategic formulation and planning that a success of budget application is not in line with the success of program and the organizational goal. Such budgeting cannot result in an effective budget as a means of management to bridge the achievement of organizational goal (Basri, 2013).

Budget Implementation for Some programs of AHU & KI service sub-sector in the Law Ministry and Human Rights of East Java Regional Office was non-optimal as it was reflected by the Government Institution Performance Accountability Report (LAKIP) in the 2016 Budget Year, mainly for Regional Supervisory Board Activities.

The supervision toward Notary in East Java area becomes the authority of Regional Supervisory Board based on authority delegation by Ministry of Law and Human Rights of the Republic of Indonesia in order to uphold the legal regulation upon every violation to obligation as well as ban for Notary position or Notary Code of Ethics, not limited to carry out coaching authority. This supervision needs to be done in a more effective way considering the notary upon running their profession is prone to do abuse of office authority and to perform notary behavior that may cause disadvantage to community. The provisions regulating Notary Supervisory Board was contained in the Law No. 2 of 2014 on Amendment of Law No.30 of 2014 on Notary Positions and the decree of Ministry and Human Rights of the Republic of Indonesia, No M39-PW.07.10 Of 2004 on the Guideline for Duty Implementation of Notary Supervisory Board.

Related to MPW authority, based on Article 73, Law No. 2 of 2014 it includes: organizing hearings of audit and decision making upon public report through Regional Supervisory Board, Imposition

and Proposal of Sanctions, Temporary Discharge, and Dishonorable Discharge that are proposed by Central Supervisory Board and Issuance of Leave permit to Notary.

Whereas based on Article 70, Law No. 2 of 2014, MPD, holds an authority of: organizing hearings to examine the alleged infringement to office authority performance and notary code of ethics based on society report, periodically notary protocol examination, issuance of leave permit and decision on Acting Notary as well as report of the whole MPD activities to MPW. MPW and MPD carried out supervision duty to 1585 (One thousand five hundred eighty five) notaries (Notary data as per 31st of December 2014) in 38 Regencies/Cities in the area of East Java Province Area.

The quality performance of Notary Supervisory Board of East Java area is one of many important factors that can influence either optimal or non-optimal performance of 11 (eleven) Notary Regional Supervisory Board that are notoriously undertaking supervision function to 1585 ( One thousand five hundred and eighty-five) Notaries as public serving officials. Due to the great number of notaries in East Java Province area as mentioned above, the Notary Supervisory Board Organization should be supported with adequate facilities and infrastructure in order to run its authority optimally.

The implementation of Notary Local/ Regional Supervisory Board activities with supervision object coverage of the whole notaries in East Java area needs support on financial administration, correspondence system and accountable technical supervision material that it is necessary to involve relevant parties in the formulation and supervision of activity implementation in the field.

## 2 THEORICAL FRAMEWORK

Robbin and Coulter (2010) stated that planning is a process starting from defining organization goal, which is to determine strategy for achieving the goal in a comprehensive manner in order to integrate and coordinate the whole organization work, so that the organization goal is achieved.

Haryanto, et al (2007) in Asikin (2012) explained that public sector budget is activity plan and periodical finance (normally in annual period) comprise of program and activities as well as amount of fund obtained (revenue/income) and needed (expenditure/shopping) in terms of achieving organization goal. Mardiasmo (2009:61) in Waworuntu (2013) mentioned that budget is an estimation of performance that will be achieved for some particular period and be stated in financial

unit”, whereas budgeting is an activity of allocating limited financial resource for the funding of organizational expenditure that tends to be limitless (Haryanto, dkk: 2007) in (Asikin, 2012).

Within the budgeting system, all activities starts from medium-term development plan that is accommodated in the Budget Work Plan of Ministries/Institution (RKAK/L). in the RKAK/L there will be elaboration of activity program priority and budget ceiling.

Budget planning is a part of subsystem strategic planning, which technically to be conducted based on performance of budget system that is preceded with performance planning. The application of performance budget system in the preparation of planning is initiated with formulation of strategic issues that are responded by a program and a relevant activity. In the implementation phase, the process of performance planning is addressed upon elaborating the National Medium-term Development Plan into Ministry/Agency Budget Work Plan.

Based on Law No 17 of 2003 on Financial State, it mandates the transparency and accountability of financial state that is manifested through description of budget realization in each Ministries/Institution in addition to presenting realization of revenue and expenditure together with explaining work performance achievement of Ministries/Institutions. The implication of Law No 17, of 2003 implementation is it needs a program restructuring and budget which management and budget execution should be based on performance.

There are many experts providing definition of budget. According to Munandar (2000: 19) the definition of Budget is a plan that is prepared systematically including the whole company activities stated in monetary unit (unity) and be commenced for certain time range.

Other definition relevant to budget according Christina (2002: 25) stated that:

Budget is a plan prepared systematically in the form of figure and stated in a monetary unit including the whole company activities for certain period of time in the future. Therefore, the prepared plan is served in a monetary unit, and thus budget often being called as financial planning. In a budget, the unit of activity and the unit of monetary occupy important position in the sense that all activities will be quantified within one monetary unit, that achievement of efficiency and effectiveness of activities done is measurable.

Supervisory Board is a body that has authority and obligation to conduct coaching and supervision to Notary. Supervision to Notary is intended for Notary to carry out their post duties based on and followed the legislation governing the Notarial post. Notary in running their post duties must inherently

hold on and base on legislation that regulates the Notarial post, meaning everything that has been mentioned in legislation regulating the Notarial post shall be followed. Based on the provisions in Article 67 up to Article 81 UUJN, it has been regulated about supervision to Notary.

Supervision and Coaching Institution (Supervisory Board) to Notary that is formed by Law and Human Rights Ministry needs to get done more effectively and to be increased in quality, because Notary is expected to perform their post profession by always improving the professional quality and law protection to community. The role of Supervisory Board is very crucial in coaching and supervising the Notarial post continually with regard to personal behavior in running both their post and beyond as a cutting edge to guarantee legal certainty toward society who use notarial service. Local Supervisory Board (hereinafter called MPD) is formed in Regency /City to coach and supervise Notaries with jurisdiction in Regency/City, if the number of Notary does not compete with the number of MPD members, it can form MPD consortium for several regencies/cities based on the provisions in Article 69, Paragraph 2a, UUJN

### 3 RESEARCH METHOD

This is a qualitative research that describes, records, analyzes and interprets current condition. The research was conducted at Human Rights and Law Ministries Provincial Office of East Java. The research subject were 7(seven) personnel, where 4 (four) persons are the staffs in Human Rights and Law Ministries Provincial Office of East Java and 3(three) persons were from the Notary Local Supervisory Board of East Java. The data collection technique used were observation, interview and documentation technique utilizing observation guideline and interview guideline tool. The data analysis in a qualitative research is a process of simplifying data into a form that is easily read and interpreted and done through some steps of data researching, interpreting and concluding.

### 4 ANALYSIS

This research is a follow up research from some factors causing non optimal budget for activities of East Java Notary Local Superisory Board in 2016 budget year.

AHU & KI Service Sub-Sector that is in line with the Directorate General of General Law Administration and Directorate General of Intellectual Property, where that Directorate General has shared PNPB in accordance with the portion and returned to respective Human Rights and Laws Service Division that are available in Indonesia under Human Rights and Laws Ministries of Republic of Indonesia.

Data of Budget Absorption for Activities of Notary Regional Supervisory Board in 2016 Budget Year.

Tabel 1: Budget Realization

Code	Description	Ceiling	Realization
D	Notary Regional Supervisory Board	974,260,000	714,879,300
521211	Material Expenditure	92,950,000	68,219,300
524111	Ordinary Trip Expenditure	171,960,000	126,960,000

Source: SAS application, Human Rights and Laws Ministry East Java Provincial Office of 2016, (2016)

Budget for Activities of Notary Regional Supervisory Board in 2016 Budget Year comprises of budget for material expenditure amounted to Rp. 92.950.000,- (ninety two million nine hundred and fifty thousand Rupiah), budget for Ordinary Trip Expenditure Rp. 171.960.000,- (one hundred and seventy-one million nine hundred and sixty thousand Rupiah).

In the beginning of budget preparation, a disbursement plan was made, but over the time there was a non-compliance to budget absorption that was carried out so there was budget left over, if each of Notary Regional Supervisory Board obeyed carrying out the disbursement plan the risk of low absorption could have been avoided.

As questioned what happened to the absorption of MPD budget in 2016, some of which were because MPD paid a little attention or not active, due to the membership component of the MPD itself that comprised of various components, in addition there was another reason because the MPD Secretary that so far being assigned has not managed well due to another assignment the secretary has, so that in the activity budget of MPD.

In addition, there is another constraint that was called as low coordination factor, such thing was as told by the informant. Based on the interview with the informant, it was told that MPD did not understand about budgeting thing, let say a business trip, while in dipa it was stated that business trip was done for two days, but during the practice, MPD only did the business trip for 1(one) day that MPD only made for 1 (one) day in budget settlement, therefore there was a left over money.

In addition to the above mentioned constraints, there was another constraint told by informant, while this related to the official who signed the settlement documents that sometimes were busy due to official duty outside the office, that in the end the documents should wait for signatories.

So far, MPD has not really understand the budgeting problem, their non-understanding was because most of MPD components came from Notaries who do not understand about administration and financial settlement.

## 5 RESULTS

The results of the research on the some factors causing non-optimal budget for activities of notary regional supervisory board in 2016 budget year include: 1. Personal factor; 2. Coordination factor; 3. Non Responsive factor; 4. Not understand about reporting or settlement.

Based on the interview result with some informants, it was acknowledged that one of cause factors for non-optimal activities of Notary Regional Supervisory Board was personal factor, as stated in the interview result as follows:

“a question like this refers to technical matters, the technique in the legal service itself, once we have accepted dipa, see the posture and then we can make it into a good order, it goes without saying, and the last one before dipa was out there was a development of disbursement plan, so, we have got the data automatically, while on the other side we have to focus, and obey, it means that during the implementation there was no compliance, neither to disbursement plan not prepared wor plan”. (informant 1, 50 y.o)

The withdrawn conclusion is, the constraints referred to technical matters in AHU & KI Service sub-sector itself, when dipa was accepted, read and then arranged, the budget executor should comply with the disbursement plan being developed, but what happens so far there is no compliance to disbursement plan and work plan prepared.

In addition, there is another constraint that was called as low coordination factor, such thing was as told by the informant.

“ it was lack of coordination, not to mention that the head of MPD was not so responsive, and he has handed over fully to the secretary, it doesn't matter about any absorption, that was that some times happened”. (informant 3, 56 y.o)

“ it doesn't work, not the whole, only some, if we apply, the person in charge also doesn't understand about budget thing, take SPPD as an example, the two-day business trip, he made it into one direct day, the payment was in consequence only for 1 day, even though he has been examined for two days, it was only claimed in the report for only 1 day”. (informant 2, 34 y.o)

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In addition to the above mentioned constraints, there was another constraint told by informant, while this related to the official who signed the settlement documents that sometimes were busy due to official duty outside the office, that in the end the documents should wait for signatories.

“ We have PPK, we don't have PPSM, so we have to wait, PPSM is available, since KPA as the proxy of budget user is not available yet, so it has to wait, it has to wait for everyone to be available”. (informant 2, 34 y.o)

So far, the AHU & KI Service Sub-Sector never informs the constraints faced in carrying out the Notary Regional Supervisory Board activities as it was told by the informant as follows:

“ the reason was why, it was The sub-sector itself from the same sector, they never informed that their constraints were actually this, and since long time ago up to now perhaps, the questionnaire or report have never been applied, that's all, that was the only in compliance to tell you the truth”. (informant 1, 50 y.o)

Based on the result of interview with an informant, it was acknowledged that the head of MPD was not responsive, where the head of MPD handed over fully to his secretary, such thing was told by the next informant as follows:

“ not to mention that the head of MPD was not so responsive, and he has handed over fully to the secretary, we don't mind about what kind of

absorption it may, that was that some times happened”. (informant 3, 56 y.o)

Not understand about Reporting or Settlement

So far, MPD has not really understand the budgeting problem, this information was given by informant as follows:

“ it doesn't work, not the whole, only some, if we apply, the person in charge also doesn't understand about budget thing either, take SPPD as an example, the two-day business trip, he made it into one direct day, the payment was in consequence only for 1 day, even though he has been examined for two days, it was only claimed in the settlement for only 1 day”. (informant 2, 34 y.o).

## 6 CONCLUSIONS

The implementation of MPD budget in 2016 budget year was not yet optimal because during its execution there was no strong commitment from the leader nor compliance, do not comply with the disbursement plan and work plan that has been prepared since the budget preparation, in addition to that, it needs controlling from the leader, where every work being done by the staffs should be monitored by the leader until the work is final:

1. In order to prevent any failure upon activities done by Notary Regional Supervisory Board in the following years, there are some solutions needed to be taken some of which are by holding workshop which invites all members of MPD without any exception, if necessary a pinch service by inviting the resource person to each MPD;
2. To regulate the budget usage based on disbursement plan and to carry it out obediently;
3. In the provincial area itself, It needs a peer controlling between the Head of Division, Head of Section and Head of Sub-sector. And the Treasury to check what work has been done and whether or not it is in line with the disbursement plan;
4. The classical problem that are faced from year to year is the non-knowledgeable about settlement reporting, therefore the solution given may be to develop a guideline or SOP related to settlement of activities of Notary Regional Supervisory Board.

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