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REGIONAL FINANCIAL MANAGEMENT SYSTEM OF REGENCY/CITY REGIONAL ORIGINAL INCOME IN ACEH PROVINCE PERIOD YEAR 2016-2020

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Abstract

This study aims to examine the effect of general allocation funds, special allocation funds and profit-sharing funds on local revenue in districts/cities in Aceh Province . This study uses secondary data, namely data obtained from the report on the realization of the district/city APBD in Aceh Province from 2016-2020 by accessing the official website on the website of the Directorate General of Fiscal Balance and the Regional Finance Agency of Aceh Province. The data analysis technique was using panel data regression analysis. The results of the analysis in this study indicate that the general allocation fund has a positive and significant effect on regional original income and the special allocation fund has a negative and significant effect on regional original income, while profit sharing funds have a significant negative effect on regional original income.

Keywords : ***General Allocation Fund, Special Allocation Fund, Revenue Sharing Fund, Regional Original Income***

1. INTRODUCTION

Regional autonomy is the embodiment of government policies to encourage the improvement of public services and welfare in various aspects of life, changing the level of economic life of the people who are still low for the better. The increase in rights in the management of the wheels of local government must of course be balanced with the efforts of local governments in increasing local revenue in financing the programs they run. It is hoped that this increase in regional independence can be achieved through regional autonomy, which in turn will encourage better regional development. An autonomous region will be able to be autonomous if the region has the financial capacity to finance its regional administration with a lower level of dependence on the central government. Regional autonomy was officially enforced in Indonesia which was marked by the ratification of Law No. 22/1999 on local government. Then it was revised twice, namely Law No. 32 of 2004 and Law No. 23 of 2014 which states that regional autonomy is the right, authority, and obligation of autonomous regions to regulate and manage their own government affairs and interests of local communities in the system. The Unitary State of the Republic of Indonesia. Aceh is a province in Indonesia whose capital is Banda Aceh. Aceh is one of the provinces in Indonesia which is given the status of a special region and is also given special autonomy.

Aceh is located at the northern tip of the island of Sumatra and is the westernmost province in Indonesia. Aceh's other original income as a special autonomous region that was planned was Rp . 50.24 billion and realized Rp. 248.95 billion or 495.46 percent. Revenues from balancing funds sourced from the central government, in the form of tax/non- tax revenue-sharing funds, general allocation funds, and special location funds are planned at Rp.4.23 trillion with realization of Rp.4.08 trillion or 96.33 percent . Legitimate regional income, sourced from grant income, adjustment funds and special autonomy, as well as other revenues is planned at Rp.8.86 trillion with a realization of Rp.8.77 trillion or 98.99 percent. General Policy of Regional Financial

Management, described on Regional Original Income. The full text reads, "In an effort to increase local revenue, the Aceh Government has established policies that do not burden the business world and the community. In 2019 the Aceh budget is planned for Rp. 17.32 trillion with a realization of Rp. 15.58 trillion or 89.92%, which consists of indirect expenditures of Rp. 6.79 trillion with the realization of Rp. 6.56 trillion or 96.55% and Direct Expenditure Rp. 10.53 trillion realization of Rp. 9.01 trillion or 85.64 percent. The Aceh Government in carrying out the assistance tasks from the Central Government received eleven Budget Implementation Tables of Contents (DIPA) which were carried out by seven SKPAs with a budget of Rp.217.21 billion, realization of Rp.208.33 billion or 95.91 percent.

Table 1 Realization of Aceh Province Regional Revenue in 2016-2020 (in Millions)

Type Reception	2016	2017	2018	2019	2020
IncomeArea	4,624,674	6,066,826	6,292,287	6,390,337	6,987,605
PAD	1,964,148	2,134,010	2,275,900	2,328,432	2,258,472
Tax Results Area	1,522,119	1,626,923	1,797,677	1,872,933	1,956,425
RetributionArea	19,362	22,906	18,761	19,475	11,377
Results ManagementArea	89,986	94,610	82.119	94,938	110,239
Other PAD legitimate	332,680	389,570	376.532	341,084	450,430
Fund balance	2,576,754	3,866.663	3,930,814	4,027,349	4,396,280
DAU	134,500	152.435	131.766	106.119	127,034
DAK	1,261,915	2,014,646	2,014,646	2,076,398	2,106,647
DBH	1,180,338	1,699,580	1,784,401	1,844,831	2,162,598

Based on Table 1 below, it shows that the amount of Regional Original Income of Aceh Province in the 2016-2020 period rose and fell and its contribution to the Balancing Fund was relatively small. From the above phenomenon in the regional autonomy contest, the ability to implement such autonomy should be demonstrated by the significant role of Regional Original Income in financing the Balancing Fund which is reflected in the contribution of Regional Original Income to the funds concerned.

Regional Original Revenue (PAD) is all regional revenue originating from regional original economic sources, the group of regional original income is separated into four types of income which include regional taxes, regional levies, separated regional wealth management results, and other legitimate regional revenues. . In general, local taxes make a major contribution to local revenue (PAD), and regional levies are a source of local revenue (PAD).

General allocation funds are funds sourced from APBN revenues which are allocated with the aim of equitable distribution of financial capacity among regions to fund regional needs in the context of implementing decentralization. Special allocation funds are funds allocated to certain regions with the aim of helping to fund special activities which are regional affairs and in accordance with national priorities. Revenue-sharing funds are funds sourced from APBN revenues

that are allocated to regions based on percentage figures to fund regional needs in the context of implementing decentralization.

2. IMPLEMENTATION METHOD

Research Location and Object

The location in this study is the report on the realization of the regional income and expenditure budget in the Regency/City in Aceh Province in 2016-2020. access the official website.

Sources and Data Collection Techniques

In this study, secondary data is data from the Aceh Province financial statements for 5 years (2016-2020). The technique used for secondary data collection is the documentation method .

Classic assumption test

The stages of testing in the classical assumption test are normality test, heteroscedasticity test, multicollinearity test and autocorrelation test .

Data analysis method

The data analysis method in this study is using data regression panels .

Panel Data Regression Models

The panel data regression consists of the *Common Effect Model (CEM), Fixed Effect Model (FEM) and Random Effect Model (REM)* test and is tested through the Chow test and Hausman test.

Hypothesis test

Hypothesis testing in this study is using the coefficient of determination (R2), F-test (simultaneous test) and t-test (partial test).

3. RESULTS AND DISCUSSION

Results

1. Statistical Descriptive Analysis

Table 2 Analysis Descriptive statistics

	PAD	DAU	DAK	DBH
mean	25.35809	27.02364	25.86256	23.76588
median	25.29920	26.96607	25.85101	23.55335
Standard Deviation	0.570701	0.268710	0.418689	0.643669
Drink	24,38569	26.56276	24.70802	22.93908
Maximum	26.68492	27.65243	26.82392	26.10502
Count	115	115	115	115

In the statistical description analysis table of the variables above, it can be seen the average value (*mean*), minimum value, maximum value, standard deviation and the number of data observations used in this study .

2. *Analysis Descriptive Variable* PAD

Based on the table above, local revenue has an average value of 25.35809 with a standard deviation of 0.570701. The average value is smaller than the standard deviation which indicates that the representation is not good for the entire Aceh Province in the 2016-2020 period. The minimum value of Regional Original Income is 24,38569 while the maximum of Regional Original Income is 26,68492 on the observations made as many as 115 observations .

3. *Independent Variable Descriptive Analysis*

a. Descriptive Analysis of General Allocation Fund Variables

The General Allocation Fund has an average value of 27,02364 with a standard deviation of 0.268710. The average value is greater than the standard deviation which indicates that a good representation of the overall data of the General Allocation Fund for Aceh Province in the 2016-2020 period. The minimum value of general allocation funds is 26,56276 while the maximum value of general allocation funds is 27,65243. The observations made were 115 observations.

b. Descriptive Analysis of Special Allocation Fund Variables

The Special Allocation Fund has an average value of 25.86256 with a standard deviation of 0.418689. The average value is greater than the standard deviation which indicates that a good representation of the overall data of the Aceh Province Special Allocation Fund in the 2016-2020 period. The minimum value for special allocation funds is 24,70802 while the maximum for special allocation funds is 26,82392. In the observations made as many as 115 observations .

c. Descriptive Analysis of Profit Sharing Variables

Profit Sharing Fund has an average value of 23,76588 with a standard deviation of 0.643669. The average value is greater than the standard deviation which indicates that a good representation of the overall data for the Aceh Province Revenue Sharing Fund in the 2016-2020 period. The minimum value of profit sharing funds is 22,93908 while the maximum value of profit sharing funds is 26,10502. In the observations made as many as 115 observations .

4. Correlation Test

Table 3 Correlation Test

Covariance Analysis: Ordinary
Dates: 06/15/22 Time: 22:11
Samples: 1 115
Included observations: 115

Correlation t-Statistics Probability	PAD	DAU	DAK	DBH
PAD	1.0000000 --- ---			

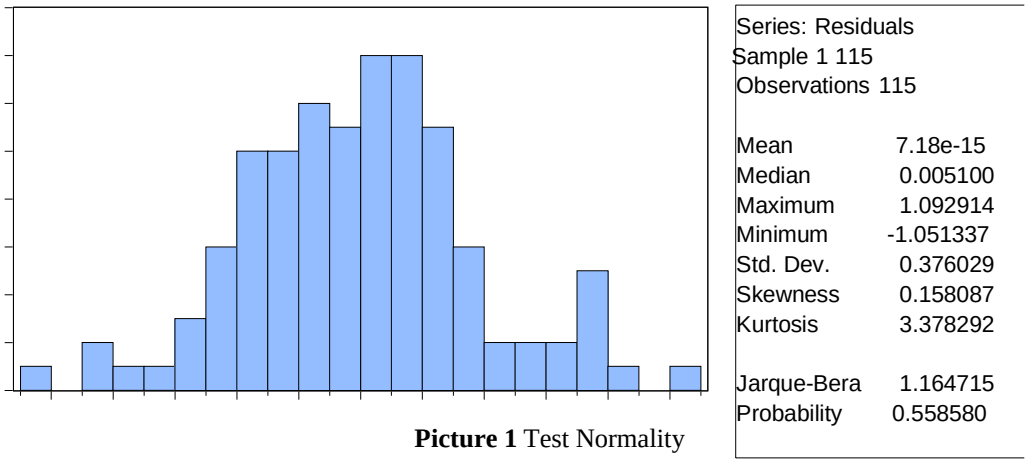
DAU	0.745732	1.0000000		
	11.89838	-----		
	0.0000	-----		
DAK	0.447500	0.692580	1.0000000	
	5.319325	10.20630	-----	
	0.0000	0.0000	-----	
DBH	0.360955	0.445140	0.255047	1.0000000
	4.114385	5.284328	2.803921	-----
	0.0001	0.0000	0.0059	-----

Source: Data processed with Eviews 10, (2022)

Based on Table 3 above, to see the correlation between all independent variables and the dependent variable, it can be seen in the table of Regional Original Income . It was found that the General Allocation Fund (DAU) variable was positively correlated with Regional Original Income of 0.7457 and was significant. The Special Allocation Fund (DAK) is positively correlated with Regional Original Income of 0.4475 and is significant. Revenue Sharing Fund (DBH) has a positive correlation with Local Owned Revenue of 0.3609 and is significant .

5. Classic assumption test

a. Normality test



Picture 1 Test Normality

Based on Figure 1 above, it can be seen that the *probability value is* 0.5585580. Meanwhile, the *Jarque Bare value* in this study was 1.164715. Because the profitability value of p 0.05, it can be concluded that the data in this study were normally distributed .

b. Heteroscedasticity Test

Table 4 Heteroscedasticity Test

Heteroskedasticity Test: White

F-statistics	1.020250	Prob. F(9,105)	0.4289
Obs*R-squared	9.248010	Prob. Chi-Square(9)	0.4147
Scaled explained SS	10.24551	Prob. Chi-Square(9)	0.3310

Source: Data processed with Eviews 10, (2022)

Based on Table 4 above, it is known that the Prob Obs*R-Square value is 0.4147 > 0.05, which means that there is no heteroscedasticity .

c. Multicollinearity Test

Adnantara (2020) states that if between independent variables there is a fairly high correlation value (generally above 0.90), then this is an indicator of multicollinearity. To deal with the occurrence of multicollinearity is to exclude one of the independent variables that have a high correlation. The results of the multicollinearity test can be shown in Table 2 that there is no cell value between variables that is above 0.9. So, it can be concluded that in this study the data did not occur symptoms of multicollinearity.

6. Autocorrelation Test

The ***Durbin-Watson value*** in this study was 1.941896 k:3 and n: 115. These values were between the tolerance values in the autocorrelation test, namely -2 and 2. Therefore, it can be concluded that this study is free from autocorrelation symptoms, meaning that in this research model there is no interference with the correlation between the time periods used in each variable.

a. *Chow* test

Table 5 Chow test

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistics	df	Prob.
Cross-section F	27.352386	(22.89)	0.0000
Cross-section Chi-square	235.651699	22	0.0000

Source: Data processed with Eviews 10, (2022)

Based on Table 5 , it can be seen that the probability value for the chow test is 0.0000 where this number is below the standard error tolerance value of 0.05, so based on the chow test the best model is the *Fixed Effect Model* , so a Hausman test is needed to compare *the Fixed Effect Model* and *Random Effect Models.*

b. Hausman test

Table 6 Hausman test

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq.Statistics	Chi-Sq. df	Prob.
Cross-section random	21.740472	3	0.0001

Source: Data processed with Eviews 10, (2022)

Based on Table 6 , the probability value in the Hausman test is 0.0001. This value is below the standard error value of 0.05. In this research Test Hausman choose Fixed Effect Model (FEM) as model which appropriate. So thatmust next on Test Lagrange Multiplier for compare Among Common Effect Model and Fixed Effect Model (FEM).

c. *Fixed Effect Model (FEM)* Test

Table 7 Estimate Regression Data Panel

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	14,75787	3.812812	3.870601	0.0002
DAU	0.620701	0.148557	4.178208	0.0001
DAK	-0.159942	0.054266	-2.947364	0.0041
DBH	-0.085706	0.036937	-2.320319	0.0226
R-squared	0.944064	mean dependent var		25.35809
Adjusted R-squared	0.928352	SD dependent var		0.570701
SE of regression	0.152761	Akaike info criterion		-0.724007
Sum squared resid	2.076895	Schwarz criterion		-0.103414
Log likelihood	67.63042	Hannan-Quinn criter.		-0.472112
F-statistics	60.08413	Durbin-Watson stat		1.912908
Prob(F-statistic)	0.000000			

Source: Data processed with Eviews 10, (2022)

In Table 4.9, the following regression equation can be arranged: PAD = -1.2019 + 0.6207 DAU – 0.1599 DAK – 0.0857 DBH

Seen in the equation above, that there is a constant value (C) of - 14.7578 which means that the Regional Original Revenue shows that if the General Allocation Fund, General Allocation Fund, Revenue Sharing Fund are constant (fixed), then the Regional Original Revenue will remain constant. with a value of -14.7578.

Then the general allocation fund has a positive relationship to local revenue with a coefficient of 0.6207. This shows that the probability of DAU is 0.0001. Meanwhile, the special allocation fund has a negative relationship to local original income with a coefficient of -0.1599 with a probability of 0.0041 and profit sharing funds have a negative relationship to local revenue with a coefficient of -0.0857 with a probability of 0.0226 .

7. F Uji test

The purpose of the f test is to test the effect of the independent variable (independent) simultaneously on the dependent variable (dependent). Seen in Table 4.8, it is known that Fcount is 9.6840 and Ftable is 2.70 at = 0.05 or 5%.

Thus, Fcount > Ftable (9.6840 > 2.70), and the probability value of F statistic is 0.0000 which is smaller than the significant level of 0.05 so that H0 is rejected. This shows that the independent variables, namely, the General Allocation Fund, the Special Allocation Fund and the Revenue Sharing Fund simultaneously have a significant effect on the Aceh Province's Original Income.

8. T Uji test

The t test is used to see the effect of the independent variable (independent), namely Dana General Allocation (X_1), Special Allocation Fund (X_2), Profit Sharing Fund (X_3) partially on the dependent variable (dependent) namely Regional Original Income (Y). The criteria for decision

making are by comparing the t - $_{\text{count value}}$ with the t- $_{\text{table}}$ and looking at the probability value. The value of t $_{\text{table}}$ can be seen at df = nk where n is the number of observations and k is the number of dependent variables so that df = nk = 115–4 is 111, at a significance level of 5% which is 1.6587.

9. Hypothesis test

The effect of the General Allocation Fund on Regional Original Revenue based on the regression results in table 4.9, shows that the general allocation fund has a coefficient value of 0.6207 with a tcount of 4.1782 and a probability of 0.0001. Therefore, tcount (0.6207) < ttable (1.6587) and probability value (0.0001) <0.05, H4 is accepted, which means that the General Allocation Fund has a positive and significant effect on Aceh Province Original Revenue.

The effect of the Special Allocation Fund on Regional Original Revenue is seen in table 4.9, the results of the regression analysis show that the special allocation fund has a coefficient value of -0.1599 with a tcount of -2.9473 and a probability of 0.0041. Therefore, tcount (-2.9473) < ttable (1.6587) and probability value (0.0041) < 0.05, then H5 is accepted, which means that the Special Allocation Fund has a negative and significant effect on Aceh Province Original Revenue.

The effect of Revenue Sharing Funds on Regional Original Revenue is seen in table 4.9, the results of the regression analysis show that the profit sharing funds have a coefficient value of -0.0857 with a tcount of -2.3203 and a probability of 0.0226. Therefore, tcount (-2.3203) < ttable (1.6587) and probability value (0.0226) < 0.05, then H3 is accepted, which means that the Profit Sharing Fund has a positive and significant effect on Aceh Province Original Revenue.

Discussion

The Effect of the General Allocation Fund on Regional Original Income The results of this study indicate that the general allocation fund has a positive and significant effect on the Aceh Province's Original Regional Revenue. This is because general allocation funds are used to cover gaps that occur because regional needs are greater than the portion of regional revenues and the regional government has not utilized the DAU transferred from the center effectively and efficiently, and has not made a large contribution to regional original income.

The effect of the Special Allocation Fund on Regional Original Income in this study has a negative and significant effect on Aceh Province's Original Regional Revenue. As with general allocation funds, the larger the special allocation funds, the regions will be said to be independent. However, this study shows significant results because DAK is allocated to regions to fund special activities that are part of priority programs that are regional affairs and help regions finance the physical needs of infrastructure facilities which are national priorities.

The Effect of Revenue Sharing Funds on Regional Original Income and the results of this study indicate that revenue sharing funds have a negative and significant impact on Aceh Province's Original Regional Revenue. In accordance with the expectations of the third hypothesis which states that DBH has a positive and significant effect on Regional Original Revenue, because DBH is a very important balancing fund in implementing regional autonomy because its revenue is based on potential sources of regional income and is one of the basic capital of regional governments in obtaining funds. development .

4. CONCLUSION

Referring to the results of research that examines the effect of General Allocation Funds, Special Allocation Funds and Revenue Sharing Funds on City/Regency Revenues in Aceh Province

in 2016-2020 it can be concluded that general allocation funds have a positive and significant effect on original income. For the regions, special allocation funds have a negative and significant effect on regional original income and revenue-sharing funds have a negative and significant effect on regional original income in Aceh Province for the 2016-2020 period.

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