

ANALYSIS OF BUDGET ADJUSTMENT DUE TO COVID-19 PANDEMIC

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ABSTRAK: Studi ini menekankan reaksi pemerintah terhadap penganggaran selama terjadinya krisis sehingga bermanfaat untuk meningkatkan kelincahan pemerintah dalam menghadapi krisis yang sama atau yang belum pernah terjadi sebelumnya di masa depan. Penelitian ini bertujuan untuk menganalisis penyesuaian anggaran sebagai respon terhadap pandemi COVID-19 di Pemerintah Daerah Makassar. Penelitian ini menggunakan pendekatan kualitatif. Data dikumpulkan dari dokumen anggaran dan dokumen terkait lainnya serta wawancara mendalam. Hasil penelitian menunjukkan bahwa proses penyesuaian anggaran dilakukan melalui implementasi peraturan yang dikeluarkan oleh pemerintah pusat. Namun pelaksanaannya belum sepenuhnya berhasil karena masih ada beberapa ketentuan yang belum dipatuhi. (4) Simpulan dan Saran: masih terdapat kelemahan dalam proses penyesuaian anggaran dan terdapat dampak negatif penyesuaian anggaran terhadap sistem anggaran secara keseluruhan. Penelitian selanjutnya diharapkan dapat menggali lebih dalam dan dalam konteks yang lebih luas terkait kendala sistem penyesuaian anggaran yang ada, belanja tak terduga, dan penganggaran antisipatif dengan melibatkan pemangku kepentingan selain pembuat anggaran.

Kata kunci: Penyesuaian Anggaran, COVID-19, Pemerintah Daerah

ABSTRACT: This study emphasizes government reaction on budgeting during a crisis which is valuable for improving government's agility to deal with the same or unprecedented crisis in the future. This study aims to analyze budget adjustment as responses to COVID-19 pandemic at Makassar Local Government. This study used a qualitative approach. The data gathered from budget documents and other related documents as well as in-depth interviews. The results showed that the budget adjustments process was carried out through the implementation of regulations issued by the central government. However, its implementation has not been fully successful because there are still some provisions that have not been complied. (4) Conclusion and Suggestion. There are still weaknesses in the budget adjustment process and negative impacts from budget adjustment on the overall budget system. Future research is expected to explore deeper and in a broader context related to the constraints of the existing budget adjustment system, Unexpected Expenditure, and anticipatory budgeting by involving stakeholders other than budget makers.

Keywords: Budget Adjustment, COVID-19, Local Government

INTRODUCTION

The Corona Virus Disease 2019 (COVID-19) pandemic that hit the world in 2020 was the cause of an unprecedented health and economic emergency. Sectors affected by this pandemic are not only the health and economic sectors, but also the education sector, tourism and many other sectors. The magnitude of the impact caused by this pandemic has made various countries issue set of regulations as a form of handling COVID-19.

The Indonesian government responded to the COVID-19 pandemic by issuing Government Regulation in Lieu of Law (PERPPU) Number 1 of 2020 which regulates state financial policies and financial system policies in the context of handling the pandemic and in the context of dealing with threats that endanger the national economy and/or financial system (Government Regulation in Lieu of Law Number 1 of 2020 concerning State Financial Policy and Financial System Stability for Handling the Corona Virus Disease 2019 (COVID-19) Pandemic and/or In Facing Threats That Endanger National Economy and/or Financial System Stability, 2020). This regulation also gives authority to regional governments to prioritize the use of budget allocations for certain activities (refocusing), change allocations (reallocations), and use Regional Government Budget (APBD) by referring to the Regulation of the Minister of Home Affairs. In addition, the Joint Decree of the Minister of Home Affairs and the Minister of Finance Number 119/2813/SJ and Number 177/KMK.07/2020 stipulates that regional heads must adjust regional income and expenditure targets and report the results of Regional Government Budget (APBD) adjustments according to the specified time limit (Joint Decree of Minister of Home Affairs and Minister of Finance

Number 119/2813/SJ Number 177/KMK.07/2020 concerning Acceleration of Adjustment of Regional Government Budget for 2020 in the Context of Handling Corona Virus Disease 2019 (COVID-19), as well as Securing Public Purchasing Power and National Economy, 2020). The decision is also explicitly stated that local governments are required to reallocate budgets for strategic sectors to deal with COVID-19 with the threat of strict sanctions, namely delays in General Allocation Fund/Revenue Sharing Fund (DAU/DBH) for regions that do not reallocate. The central instruction is considered effective in dealing with COVID-19 by the local government because it is binding (Kumorotomo, 2020).

The magnitude of value of the budget adjustment and its possible impact makes the effectiveness of changing the spending structure from the budget very important. In addition, public financial management reform that must be carried out in the short term is to ensure that the priorities of APBN and APBD expenditures are truly in accordance with the needs of the people affected by COVID-19, either directly or indirectly (Kumorotomo, 2020). Currently, budgeting plays an important role in most COVID-19 affected countries that face high levels of deficits and debt (Anessi-Pessina et al., 2020). For this reason, a budget review, especially budget adjustments in times of crisis like the current one, is very necessary. The study of budget adjustments can be started by reviewing the allocation system for budget changes, the pattern of budget policies, the accountability system, and the impact of these adjustments.

This study aims to analyze Indonesian Government's budget response to the impact of the COVID-19 pandemic in the form of budget adjustments especially in local government level. Budget adjustment analysis is focused at the local

government level which is Makassar City Government with the case study method. The lack of research on the budget response to COVID-19 at the local government level makes this research necessary. The available empirical evidences only address budget responses to COVID-19 at the central government level. Research that emphasizes government budget response to crisis will be important in improving government's ability to cope with similar or different crisis.

The 2020 Regional Government Budget (APBD) adjustment is primarily intended to meet the Expenditure Needs Plan (RKB) in accordance with the COVID-19 impact. Expenditure Needs Plan (RKB) is primarily prioritized for handling health, handling economic impacts, and providing social safety nets such as grants/social assistance in the form of money and/or goods from local governments (Minister of Home Affairs Regulation No. 39 of 2020 concerning Prioritizing the Use of Budget Allocations for Certain Activities, Allocation Changes, and Use of Regional Government Budgets, 2020). Budget adjustments made by local governments in the context of handling COVID-19 require careful consideration because they will have a broad impact, especially on achieving the current year's development goals. Adjustment of revenue targets and expenditure allocations will make programs that were previously a priority will be shifted by new spending needs.

One of the local governments that has made budget adjustments due to COVID-19 is the Makassar City Government. Based on data from the Ministry of Home Affairs dated April 16, 2020, Makassar City is one of the regions that allocates the largest budget for handling COVID-19 and handling economic impact at the district/city level (Directorate General of State Finance Development, 2020).

Based on the background that has

been described previously, it can be formulated several problems studied in this study, namely:

1. How is the process of adjusting the 2020 Makassar City Government Budget (APBD) due to the COVID-19 pandemic?
2. What is the impact of the 2020 APBD adjustment for the Makassar City Government?

In general, the purpose of this research is to analyze the budget response of the Makassar City Government due to the COVID-19 pandemic. However, in order to achieve these general goals, this study specifically aims to analyze the process and impact of the 2020 APBD adjustment of the Makassar City Government. Makassar City was chosen as the object of research because it is one of the regions with the largest budget allocation for the district/city level in the context of handling COVID-19. The scope of the budget response analyzed only includes budget adjustments such as budget refocusing, allocation changes, and budget use which includes the initial budget value and its changes, budget and expenditures items, and budget absorption.

Public budget is defined as the exercise of political, managerial, accountability, and economic functions (Anessi-pessina et al., 2016) as well as a tool for limiting public spending within the relevant income limits (Anessi-Pessina et al., 2020). Bastian (2013) defines the Regional Government Budget (APBD) as the embodiment of local government work plans in the form of units of money for a period of one year and is oriented towards public welfare goals (Bastian, 2013).

Research by Anessi-Pessina et al. (2020) revealed that in order to address the challenges faced in government budgeting due to the COVID-19 crisis, the budgeting and re-budgeting process needs to be made more strategic in

order to increase flexibility, strengthen coordination at all levels of government, and also to develop new competencies that are consistent with new tasks that the government must carry out (Anessi-Pessina et al., 2020).

In the Indonesian Minister of Home Affairs Regulation Number 39 of 2020, it is stated that regional financial policies in the context of handling the COVID-19 pandemic are to prioritize the use of budget allocations for certain activities (refocusing), changes in allocations, and the use of APBD for handling COVID-19. Refocusing and changes in allocation (reallocation) are carried out through optimizing the use of Unexpected Expenditure (BTT) that available in the 2020 Fiscal Year APBD. If the Unexpected Expenditure is insufficient, the regional government reschedules program and activity achievements for refocusing and reallocation, as well as utilizing available cash through changes the previous regional regulations related to APBD. The results of the allocation are transferred to Unexpected Expenditure (BTT) (Minister of Home Affairs Regulation No. 39 of 2020 concerning Prioritizing the Use of Budget Allocations for Certain Activities, Allocation Changes, and Use of Regional Government Budgets, 2020).

Based on that regulation, Regional Governments carry out refocusing and reallocation of, among others: (a) activities whose funds are sourced from central government transfer funds and inter-regional transfer funds in accordance with the provisions of laws and regulations; (b) development activities for facilities, infrastructure, and community empowerment in urban villages; (c) personnel expenditure includes adjustments to the amount of additional income for state civil servants/regional performance allowances and/or other similar incentives, reducing the honorarium for activities, and/or providing overtime pay; (d) expenditure on goods/services, including business

trips, holding meetings, education and training, technical guidance, socialization, workshops, seminars or other similar activities that may be postponed; (e) less priority capital expenditures; (f) financing expenditures in the current fiscal year; and/or (g) utilization of funds originating from regional revenues in the APBD (Minister of Home Affairs Regulation No. 39 of 2020 concerning Prioritizing the Use of Budget Allocations for Certain Activities, Allocation Changes, and Use of Regional Government Budgets, 2020).

Although still few, there are several previous studies that examine topics related to this research. These studies generally describe the budgetary responses of various countries to the COVID-19 pandemic. The responses of countries such as Taiwan (Liao et al., 2020), United Kingdom (Heald & Hodges, 2020), and the three Nordic countries namely Finland, Norway, and Sweden (Argento et al., 2020) are embodied through a series of regulations and budget packages. Several countries that have been through a crisis tend to be more prepared to provide a budget response through a series of mature regulations.

Taiwan as one of the countries that succeeded in controlling the spread of COVID-19 provided a budget response through special budget schemes, bailouts, and economic stimulus (Liao et al., 2020). In contrast to the special budget during the 2008 economic crisis, which focused only on economic stimulus, the 2020 special budget covers the handling of COVID-19, bailout funds, and economic stimulus. Research by Liao et al. (2020) discussed that in 2020, the Taiwanese Government drew up a targeted bailout plan for the industries and individuals most affected by the pandemic and created Triple Stimulus Vouchers to boost the economy.

A comparison of the budget response to COVID-19 in several countries is shown by the research of

Argento et al. (2020) which analyzes the responses and implications of budgeting in three Nordic countries (Finland, Norway, and Sweden). This study shows that although the three Nordic countries have similar cultural and social characteristics, each country's policy response to the COVID-19 crisis varies greatly. Variation in mindset towards the crisis can be seen in the policy measures as well as the firmness and speed of the budget package. Finland and Norway have been prepared with materials, a set of regulations and policies when the pandemic hit, for example supporting the business sector with additional budget packages as their response. Meanwhile, Sweden's policy was loose at the beginning and then became tighter as the pandemic progressed, so the Swedish government then added more large allocations (Argento et al., 2020).

Reviews of previous research are not only related to regulations and budget allocations for handling the COVID-19 pandemic but also include critical studies of the budgeting itself. More specifically to the budgeting process, Anessi-Pessina et al. (2020) offers a perspective on the need to reconsider government budgeting after the COVID-19 outbreak. The research emphasizes the need to reconsider the reporting process and format as well as the urgency of developing new competencies in the budgeting process. This is in order to overcome all the challenges of budgeting, and re-budgeting related to COVID-19 (Anessi-Pessina et al., 2020).

Previous research studies also explore the impact of the budget response in the context of dealing with the COVID-19 pandemic. Although Argento et al. (2020) stated that regarding the impact of budget allocations, it is difficult to evaluate the success of COVID-19 policies in the short term and it will be more challenging to determine the long-term impact given the difficulty of predicting

the timing of the pandemic and the potential for new waves. However, in general, several other studies reveal that the impacts are related to technical and social issues.

Regarding the technical impact, Heald & Hodges (2020) analyzes the nature and impact of the budget response to the pandemic in the context of the strengths and weaknesses of UK public sector financial management. The practical impact is demonstrated by focus on statistical accounting and budgeting due to the emphasis on timeliness (speed of reporting and issues of international comparability). On the other hand, government financial reporting has been marginalized during the pandemic (Heald & Hodges, 2020).

In contrast to the technical impact, the social impact is an issue that has been raised a lot in previous research. The social issue that arises is the high level of debt due to an increase in unplanned financing. Heald & Hodges (2020) revealed that the social impact will be seen from high levels of debt and an increase in interest rates in the future which can lead to a return to austerity programs and the centralization of public power and decision-making. Furthermore, Heald & Hodges (2020) research also implies that the long-term impact of COVID-19 and Brexit on the UK economy and public finances, is likely to result in budget adjustments.

Apart from Heald & Hodges (2020) emphasizing that the pandemic will have a major impact on UK public finances with a record deficit and increasing net public sector debt, concerns about soaring debt were also expressed by Liao et al. (2020). (Liao et al., 2020) reviews the short-term and long-term fiscal implications of the budget response to COVID-19. The special budget to fund the handling of COVID-19 is mostly funded through loans so that aspects of fiscal sustainability and intergenerational fairness must become a concern (Liao

et al., 2020).

The magnitude of the consequences of the budget adjustment to deal with the COVID-19 pandemic makes the budgeting process must be carried out optimally. Research Argento et al. (2020) revealed that the government can handle unexpected crises by implementing a firm and clear strategy accompanied by a budget response for each strategy. This strategy can reduce the ambiguity of public budgeting and provide certainty to the public, as well as demonstrate causality between problems and solutions (Argento et al., 2020).

Anessi-Pessina et al. (2020) also added the importance of anticipatory budgeting and community involvement in budgeting. A stronger emphasis on anticipatory budgeting and coping capacities to reduce exposure of public organizations can support government resilience. Citizen involvement has proven to be important and will become even more relevant due to the financial impact of COVID-19 on the provision of public services in the future. In addition, the risk of increasing corruption in the budget response that is carried out needs greater attention (Anessi-Pessina et al., 2020).

This study will contribute to literature by providing local government perspective with more focus on specific budget, budget changes, and budget implications. The qualitative research that has been carried out also emphasizes the impact of budget adjustments.

METHOD

This research was conducted at the Makassar City Government, especially at the Budget Sector. Makassar City was chosen as the object of research because it is one of the regions with the largest budget allocation for the district/city level in the context of handling COVID-19. A case study approach is used to explore more deeply of what happened to the

object of research.

The data collection process in this study was carried out in two stages, namely initial data collection and in-depth interviews with research participants. Initial data collection is done by collecting the documents needed for further analysis. These documents include reports that present budget data, its changes, and its realizations. In addition, the results of the Supreme Audit Agency (BPK) audit were then also used as a reference in strengthening the findings of this study.

The data from these documents were confirmed and used as the basis for conducting in-depth interviews with research participants. Interviews conducted based on key questions that will answer the research questions but are not limited to these questions. The research participants were three employees of the Budget Division who were directly involved in the budget adjustment process. All of participants are the senior officer in Budget Division (including the head of Budget Division). The number of three participants is considered sufficient because the collected interview answers have reached saturation.

Based on the source, the types of data collected in this study are primary data (interview data (transcript) and budget data include its realization) and secondary data (regulations, audit report, and data from the media). According to the nature of the data and the method of collection, this research is classified as qualitative research so that the data analysis is carried out qualitatively. In this study, the data collected from the results of the interviews will be first transcribed and then analyzed by grouping a number of keywords that can answer the research questions. This study used data analysis techniques proposed by Creswell (2014) namely processing and preparing data for the analysis process, reading the entire data to build general sense and reflecting on the overall

meaning of the information obtained, coding all data, using coding for the description of the theme that will be analyzed, restate the descriptions and themes in the form of a narrative as a result of the analysis, and interpret the data by comparing the research results with information from the literature or theory (John W. Creswell, 2014).

The results of the analysis of the data obtained from in-depth interviews were tested for validity by triangulation. The triangulation applied is method triangulation, which is to compare the results of document analysis, interviews, and literature studies. In addition, researchers also triangulated sources, namely comparing data from interviews from each participant involved in the budgeting process.

This research does not only focus on the budget response in the form of the budget adjustment process and its implications for local governments level, but also provide added value by conducting field research, namely in-

depth interviews with research participants. Previous research ((Liao et al., 2020); (Heald & Hodges, 2020); (Argento et al., 2020); and (Anessi-Pessina et al., 2020)) still focuses on budget responses at the central government level using secondary data sources while this research providing empirical evidence with primarily data.

Furthermore, this study emphasizes that the budget adjustment process is carried out by trying to implement existing regulations. This is because of the detailed regulations issued by the central government. Therefore, the Integrated Implementation Model (Winter, 2012) was adopted in order to develop the analysis. Within this

framework, the policy implementation process is related to several variables including: policy design, organizational and inter-organizational behavior, management behavior, street-level bureaucrat behavior, and target group behavior (Figure 1).

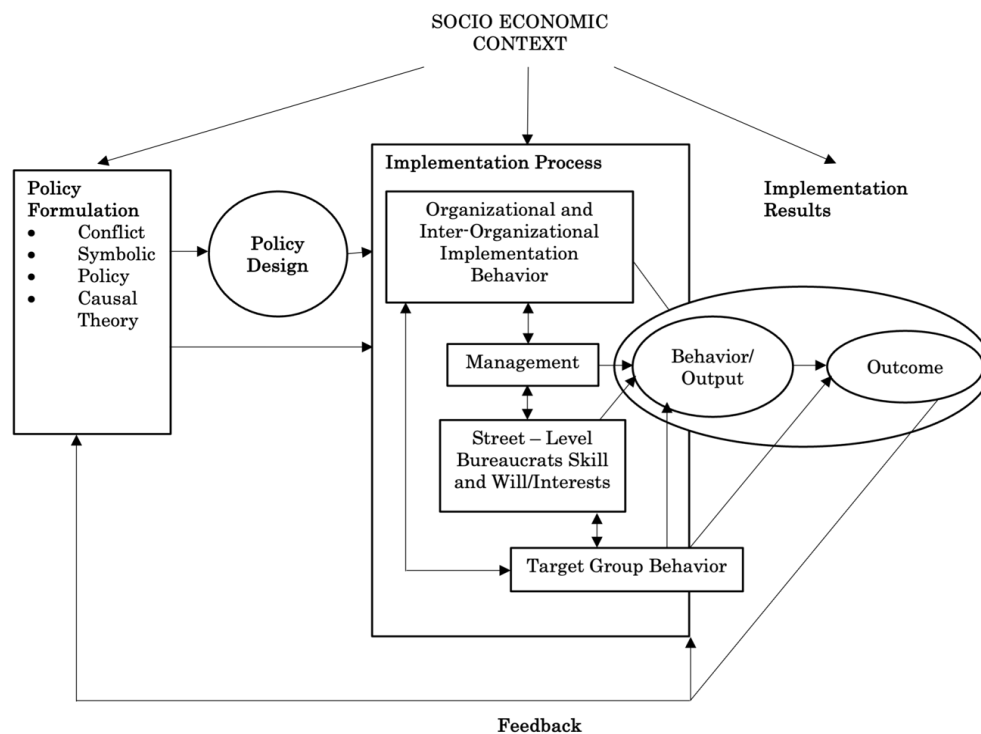


Figure 1. The Integrated Implementation Model
 Source: (Winter, 2012)

RESULT AND DISCUSSION

Unexpected Expenditure

In contrast to the use of the Special Budget in the Taiwanese Government (Liao et al., 2020), the research conducted shows that the Regional Government focuses on financing the handling of the COVID-19 pandemic through the Unexpected Expenditure (BTT) account. The reallocation and refocusing process for expenditure items is generally done by shifting other spending budgets into BTT. According to participants, the tendency of local governments to use BTT in handling COVID-19 is because BTT is considered a flexible space for local government financial movements. BTT also allows emergency and urgent use so it is very suitable to be used in handling the impact of the pandemic. The results of the rationalization of several sources of local government revenue are maximized into the BTT account.

Even though it is used as the main account in handling COVID-19 impact, Unexpected Expenditure still fluctuated in the adjustment process. According to participants, this fluctuation was due to the trial process of reallocating several types of spending into BTT. Some of the budgets that had been reallocated to BTT turned out to be impossible and had to be returned. Furthermore, the budget for Unexpected Expenditure in 2020 of Rp135,514,139,770.61 could only be realized as much as 61.33% or Rp83,108,628,693.00. When compared to the previous year's budget which was only Rp34,148,000.00, BTT experienced a drastic increase, reaching more than 243% or Rp83,074,480,693.00. The following data are Regional Work Units (SKPD) that receive and spend budgets for handling the COVID-19 pandemic through BTT account.

Table 1. SKPDs that Receive and Spend COVID-19 Budget

Regional Work Units (SKPD)	Amount
Public Health Office	Rp29.696.958.380,00
Social Services	Rp33.635.731.568,00
Regional Disaster Management Agency	Rp19.706.940.345,00

Source: Budget Document (Makassar City Government, 2020)

Budget realization that has not been optimal is not only in Unexpected Expenditure. The Capital Expenditure budget has also only been realized as much as 48.37%. Overall, the percentage of realization of the revised APBD, for direct spending is only 75.85%, indirect spending is 80.62%. The realization of income is quite optimal, which is 95.81%. This suboptimal absorption has also been stated by previous research (Suyitno, 2020) which shows a minimal absorption rate in 2020 when compared to the set target.

Table 2. Percentage of APBD Realization

Account	% Realization of the Basic APBD	% Realization of the Revised APBD
LOCAL REVENUE	80,30	95,81
LOCAL EXPENDITURE	70,41	80,09
Direct Expenditure	113,54	75,85
Personnel Expenditure	71,23	83,09
Grant Expenditure	99,88	82,84
Social Assistance Expenditure	-	84,28
Finance Assistance Expenditure	96,22	96,22
Unexpected	277,03	61,33

Expenditure		
Indirect	67,39	80,62
Expenditure		
Personnel	82,14	94,60
Expenditure		
Goods	71,35	82,01
Expenditure		
Capital	34,53	48,37
Expenditure		

Source: Audit Report (BPK, 2021)

Budget Adjustment Process

In general, the budget adjustment process at the Makassar City Government refers to the regulations issued by the Central Government. Relevant regulations are Presidential Regulation, the Joint Decree of the Minister of Home Affairs and the Minister of Finance, and Minister of Home Affairs Regulation. The detailed nature of regulations makes it easier for local governments to refocus and reallocate.

Technically, budget adjustments in the context of handling COVID-19 begin by optimizing Budget Surplus for the previous fiscal year and the current year's Unexpected Expenditure account. However, the large amount of funds needed for handling COVID-19 has forced local governments to still make budget adjustments by rationalizing revenues and reducing spending.

The process of changing the budget begins by instructing all Regional Work Units (SKPD) to refocus and reallocate their previously budgeted expenditures in accordance with the central government's

instructions. Spending on mass gathering activities and business trips is reduced. The results of the refocusing and reallocation are then used to increase the allocation of Unexpected Expenditure. Meanwhile, for income adjustment, local governments also follow central government regulations that require diversion of the use of transfer funds sourced from the central government. A certain percentage of Local Incentive Fund, General Allocation Fund, and Revenue Sharing Fund have been diverted for use in the context of handling COVID-19. Even Local Own-Source Revenue is still allocated for handling COVID-19. The reallocation and refocusing proposed by each Regional Work Unit are then reviewed by Local Government Budget Team (TAPD) to check the proposed expenditures.

The terms reallocation and refocusing were only known after the COVID-19 condition. Previously, local governments only made budget changes according to the Regional Government Budget schedule. The existence of this COVID-19 emergency condition has made a difference in the flow of the local government budget adjustment process in 2020. The Makassar City Government made budget adjustments for 2020 through budget changes in the form of six times amended local regulations or what is often called "partial". The following figures show some graphs of revenue and expenditure budget adjustment process in six partial times.

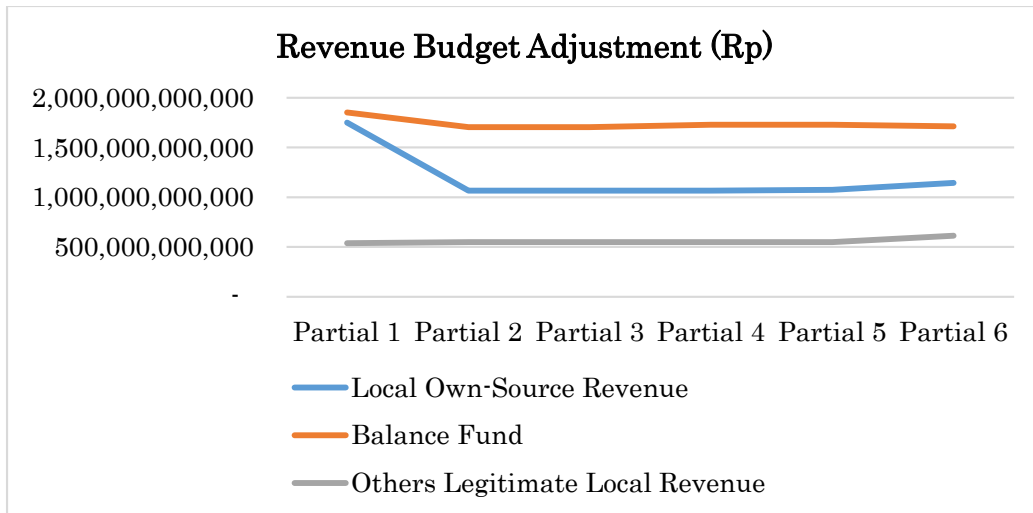


Figure 2. Revenue Budget Adjustment Graphic
Source: Processed Data

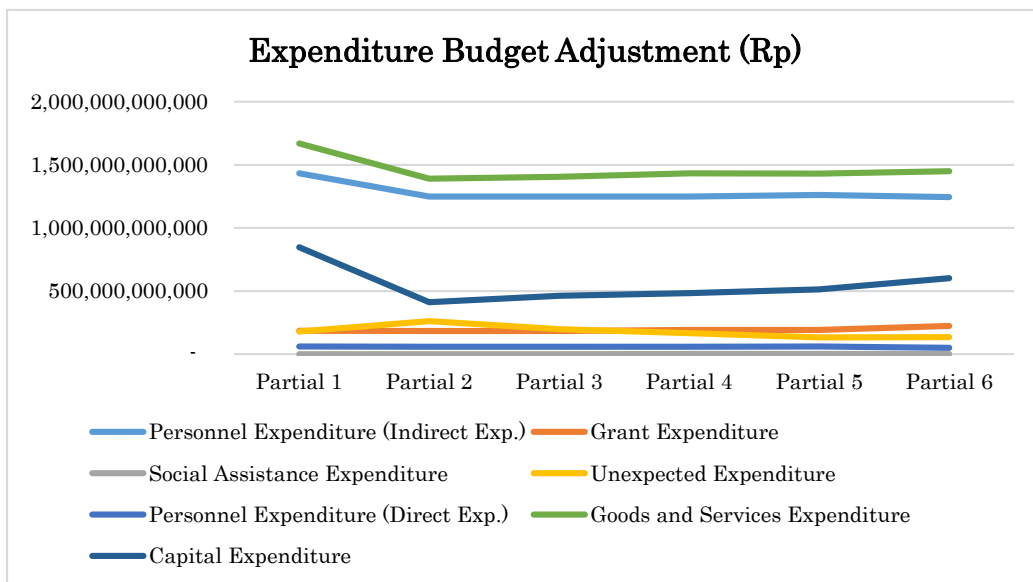


Figure 3. Expenditure Budget Adjustment Graphic
Source: Processed Data

The budget adjustment process carried out by Makassar City Governments is very different from the practice in several countries. It is very different with Finland and Norwegian anticipatory budgeting systems which are ready with a set of regulations and policies including an additional budget package when the pandemic hits (Argento et al., 2020). In addition, there is also Taiwan with a special budget policy (Liao et al., 2020) and Sweden with a typical progressive budgeting (Argento et al., 2020). Anticipatory budgeting is certainly better prepared

for emergency conditions such as a pandemic so that budget makers do not need to massively adjust their budgets, including overhauling previously planned programs.

Furthermore, the monitoring process by the central government on local government budget adjustments only through reporting the results of reallocation and refocusing, including changes in allocation, progress, and the amount of realization. This reporting is required for all local governments through regulations issued by the central government. The regulation

also regulates sanctions for local governments that do not report. According to all participants, the Makassar City Government reports the results of the reallocation and refocusing smoothly. The nature of the regulations issued by the central government regarding the reallocation and refocusing process actually still gives local governments flexibility to regulate their budgeting. However, detailed regulations also reflect the attachment of local governments as well as the nature of their free but limited autonomy.

The audit report of Supreme Audit Agency (BPK) also revealed weaknesses in internal control and non-compliance with laws and regulations in the budgeting process carried out by the Makassar City Government. Inconsistency in the process of changing Regional Government Budget (APBD) with regulations, including delays in submitting General Policy on Budget Changes (KUPA) and Priority of Temporary Budget Ceiling (PPAS) changes, budgeting for capital expenditures that do not pay attention to budgeting provisions, rationalization of goods and services expenditures that do not reach 50%, and budget changes for activities not related to handling and overcoming the impact of the COVID-19 pandemic (Supreme Audit Agency, 2021). This condition resulted in budget overruns for goods and services expenditures, capital expenditures, grant expenditures, and financial assistance expenditures. The weakness shown by the Makassar City Government in the budget adjustment process in the form of non-compliance with laws and regulations needs to be watched out for in the future so that it does not become a potential corruption in the budgeting process as feared by Anessi-Pessina et al. (2020).

Budget Adjustment Impact

Makassar as a MICE (Meeting, Incentive, Convention, Exhibition) city and a city that relies on regional income from the tourism industry and

its derivatives such as hotel taxes, entertainment venues, and restaurants has also experienced a decline in revenue due to the pandemic (shown in Figure 2). The decline in city revenues due to the impact of the pandemic has forced the portion of spending to be adjusted. As a result, various activities cannot be carried out as previously planned, and many cannot even be held at all because the budget has been diverted for handling COVID-19.

The Joint Decree of Minister of Home Affairs and Minister of Finance require that local governments cut capital expenditures by 50% to be transferred to handling COVID-19. This cut in capital expenditure has big consequences because capital expenditure involves many interests. According to the participants, this also led to the failure of reaching an agreement with the Municipal Legislative Council (DPRD) in the ratification of the Revised Regional Government Budget (APBDP). This causes the Makassar City Government did not have a Revised Regional Government Budget for Fiscal Year 2020. However, the audit report stated this problem was caused by the city government submitting the Revised Regional Government Budget draft past the due time limit. This delay indicates the limited time available to adjust the budget. This makes the changes planned by the Regional Work Unit in the Revised Regional Government Budget cannot be fulfilled and again refers back to the last partial.

Another impact of budget adjustments is that the absorption of the budget has not been optimal. The non-optimal absorption as shown in table 2 is caused by various things. Factors such as the lack of readiness of human resources to manage large funds, the difficulty of achieving targets due to sudden changes in program plans, including selecting the types of activities that are prioritized and in line with the handling of COVID-19, are obstacles to budget absorption. The ability of Regional

Work Units to absorb the budget is still not optimal, making the allocated resources do not return the expected benefits.

Discussion

The budget adjustment process based on existing regulations can be analyzed by looking at the existing policy implementation process. The following discussion will review the process and impact of budget adjustments by referring to the variables related to the policy implementation process proposed by Winter (2012).

Policy Design and Formulation

The need to immediately respond to the crisis due to the pandemic has made regulations related to budget adjustments drawn up in a short time. Based on the type, it can also be seen that the existing regulations are formulated only by the executive without the involvement of legislative elements. This certainly affects the resulting policies or regulations. Winter (1986 in (Winter (2012)) emphasizes that the lack of involvement of other parties or coalition partners in policy formulation can lead to failure of implementation. On the other hand, the existing budget adjustment policies have been designed in sufficient detail so that it is expected to simplify the technical aspects. However, the accuracy of the existing instruments in the policy still needs to be evaluated together with other stakeholders.

Organizational and Inter-Organizational Implementation Behavior

This aspect is closely related to commitment and coordination (Winter, 2012). Coordination can be done vertically or horizontally. The form of vertical coordination of the Makassar City Government, especially with the central government, is not carried out directly and there is no special assistance, but coordination is only through regulation and reporting. In fact, through a series of monitoring mechanisms for policy implementation

by internal and external authorities, it will increase the success of policy implementation (Khan, 2016). The horizontal coordination carried out by the Makassar City Government in making budget adjustments can be seen from its relationship with external parties. The problem of the absence of the Revised APBD in 2020 shows the lack of coordination between the Makassar City Government and external parties in implementing new regulations related to budget adjustments. Not only coordination, commitment can also be an aspect that needs to be reviewed because there is no agreement to ratify the APBD changes. Therefore, (Conteh, 2011) through his multi-actor policy implementation framework emphasizes the importance of government interaction with external parties. Policy implementation is not only a matter of integrity and capability within the intra-organizational scope of the public agency itself but also related to engagement and adaptation to the external environment (Conteh, 2011).

This is reaffirmed by (Khan, 2016) with the terms 'involvement and engagement' in the context of successful policy implementation, namely involving concerned stakeholders and engaging actors in the policy implementation process. In addition, Singh & Ehlers (2019) also stated that if not all stakeholders have the opportunity to negotiate and influence policy design, they can do so through micro-politics in the implementation phase. Furthermore, Winter (2012) emphasizes the importance of "joint actions" through reciprocal relationships so that various parties can contribute to policy implementation. The involvement of various parties can certainly increase the chances of success from the implementation of a policy.

Management Behavior

Management behavior is closely related to the success of policy implementation. Winter (2012) stated that this aspect is mainly related to the

individual characteristics of lower-level bureaucrats including expertise, perception, and motivation for applied management tools such as incentives.

One of the problems related to this aspect is the issue of Makassar City leadership in 2020. The lack of leadership is also an interesting thing for the Makassar City Government because in 2020 it still be held by the Interim Officer. Research participants consider the influence of leadership on the budgeting process. The existence of the mayor and his vision and mission can harmonize the activity programs prepared by each Regional Work Unit. This is difficult to realize in the leadership of the Interim Officer because in addition to the limitations of authority, there is also a tendency for a normative leadership style to only continue existing policies.

In addition, other management issue in the budget adjustment process are related to the impact of practice as stated in previous research, especially regarding timeliness (Heald & Hodges, 2020). The sudden and unprecedented demands for budget adjustments forced local government resources to expend additional efforts to reprogram the Regional Government Budget draft that had already been made. Although the rules issued by the Central Government are detailed, there are still some provisions that are difficult to fulfill. The budget adjustments contained in the six changes and the delay in the submission of the budget also indicate the difficulties that local governments face in rearranging their budgets based on the new regulations and in the limited time remaining. This issue has been emphasized in previous research which states that in the process of re-budgeting related to COVID-19, it is not only the reporting process and format that must be considered but also the issue of developing new competencies (Anessi-Pessina et al., 2020). Existing resources must be prepared to be able to quickly adapt to emergency budgeting conditions.

Street-Level Bureaucrats' Skills and Will/Interests

This aspect is related to the skills and desires or interests of bureaucrats at lower levels. Regional Work Unit (SKPD) bureaucrats are included in this category because they are budget users or parties who distribute budgets to the public. Participants' claims that the city government's human resources are not ready yet to manage large budgets indicate that there is still a skill issue at this bureaucratic level. Even though the role of this group is very crucial because it makes direct contact with the public who tend to judge public policy not on the format but on the delivery of the policy by lower-level bureaucrats to them (Winter, 2012). Limited resources but high demand for lower-level bureaucrats, according to Winter (2012) will be overcome by this group by rationalizing services, prioritizing biased cases and clients, controlling clients, and modifying policy objectives and client perceptions.

Target Group Behavior

The behavior of the target group (citizen) as the ultimate goal of budget allocation is also important to review. Absorption of the budget that is not yet fully optimal may indicate the ineffectiveness of budget allocations, which in turn affects community satisfaction and the usefulness of the resources that have been allocated. Budgeting that is well absorbed and on target can ensure that the allocation of resources does not go to waste and the goals that have been set can be achieved.

In addition to the above aspects, the integrated policy implementation model also emphasizes the importance of looking at the social and economic context that can influence policy implementation. In crisis conditions such as a pandemic, the urgent social and economic context has the potential to emerge immature budgeting.

CONCLUSION

The budget adjustment process conducted by Makassar City Government in the 2020 Fiscal Year is carried out by referring to the regulations issued by the central government. However, in its implementation there are still some provisions that have not been fulfilled in the budget adjustment process. This is due to limited human resources and time. The impact of the budget adjustment is many activities cannot be carried out because the budget is shifted to finance the handling of the COVID-19 pandemic and the absorption of the budget for several types of expenditure is not optimal. This raised technical and social issues.

This research is expected to provide benefits for various parties, both in practical and theoretical aspects. As a practical benefit, this research is expected to be a reference and input for evaluation to local governments, especially the Makassar City Government in managing regional finances during emergencies such as a pandemic. Theoretically, this research is expected to be a starting point for the study of planning and budget management so that it can improve the budgeting system in the future. Further research can examine more deeply about the accuracy of the budget adjustment system designed by the central government as well as the constraints faced by local governments that make its implementation is not optimal in a wider context. In addition, in-depth interviews should also be conducted with other stakeholders in budgeting such as budget users and legislative elements. Special studies also need to explore the appropriateness of using Unexpected Expenditure as a budget space in an emergency and anticipatory budgeting issues that the government should prepare in dealing with emergencies.

Implication/Limitation

Interviews were conducted before the audit results came out so that the weaknesses revealed in the audit results were not confronted with the

participants. This does not significantly affect the study results or conclusions because in general the participants expressed the same points but not as detailed as the audit results. The differences that arise are only related to polemics with the Municipal Legislative Council, which causes the absence of Regional Government Budget Changes. The issue of lately submission of budget documents was also not confirmed to participants.

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