

Performance of Legislative Budgeting Institutions on Government Institutions in North Maluku

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ABSTRACT

The purpose of this study is to analyze the influence of the role of DPRD budgeting function and organizational commitment on the potential for fraud. This type of research is quantitative research. The sampling technique used is non-probability sampling using the saturated sampling method. The data used are primary data using a questionnaire. Data was successfully collected from 40 respondents who were members of the DPRD Kota Ternate, Tidore Islands City and Sula Islands District. The data processing technique used is multiple linear regression with the help of SPSS. The results showed that there was no influence on the role of the DPRD's budgeting function on the potential for fraud in district / city DPRD's in North Maluku Province, there was a positive and significant effect on organizational commitment to potential fraud in the budget bodies of the DPRD districts / cities of North Maluku province. In addition, the simultaneous statistical test shows that the role of the DPRD budgeting function and organizational commitment has a significant effect on the potential for fraud among members of the DPRD budgeting in North Maluku province.

Keywords: Organizational Commitment and Potential for Fraud, Role of DPRD Budgeting Function

INTRODUCTION

The Regional Budget (APBD) is essentially a policy instrument used as a tool to improve public services and community welfare in the regions, therefore, DPRD and local governments must making real and structured efforts to produce a Regional Revenue and Expenditure Budget (APBD) that can reflect the real needs of the community in accordance with the potential of each region, and can meet the demands of a regional budget that is oriented towards the interests of the community. According to (Siegel & Ramanauskas-Marconi, 1989) the budget preparation process has a direct impact on human behavior, especially for people who are directly involved in budgeting.

Fraud is one of the crucial problems facing the world, including the Government of Indonesia. The Association of Certified Fraud Examiners (ACFE, 2016) reports that from investigations of 2,410 cases during 2014-2015, the average organization in the world experienced a financial loss of 5% due to fraudulent practices with a total loss of \$ 6.3 billion. In Indonesia, the practice of cheating has developed into a complex and systemic crime. The phenomenon of fraud occurs in almost all sectors. Based on data from Transparency International in 2016, the level of corruption in Indonesia is high, namely, with Indonesia's Corruption Perception Index (IPK) of 37 points, an increase of 1 point from 2015 and it is in the 90th rank of the cleanest country out of 176 countries measured, down 2 places from 2015. Even though it has consistently increased, the

increase in the GPA of 1 point per year is slow to reach the target GPA of 50. According to (Tuanakotta, 2013) fraud that was successfully revealed was only a small part of the real fraud. In addition, the prevention of fraud that has already occurred does not fully restore the condition due to losses caused by fraud in its entirety.

Implementation of regional development planning, especially in the process of determining the Regional Revenue and Expenditure Budget (APBD) is the most critical point. The bias between planning and implementation is very frequent at this point and also required skills and knowledge for good and maximum results (Junaeni, 2020). A plan that has been drawn up in such a technocratic way, turns out to be the translation of the needs that arise in the process outside the plan. (Sugiarto, 2010) concluded that the preparation of the Regional Expenditure Budget Plan after the Regency Musrenbang is entirely in the hands of the executive budget team and the legislative budget team. Meanwhile, (Bastian, 2008) conducted field monitoring and concluded that: (1) The misinterpretation of KUA and PPAS has been extraordinary; (2) The consensus on program and activity priorities in KUA and PPAS is often not considered in the process of preparing the Regional Expenditure Budget Plan, resulting in disagreements in the discussion of KUA and PPAS this has led to repeated discussions; (3) After deliberation at the commission level which is continued by the DPRD working committee on the Regional Expenditure Budget Plan, changes to programs and activities are still ongoing. Based on the description above, which is the aim of this study is the DPRD's budgeting role and organizational commitment had an effect on the potential for fraud in districts / cities in North Maluku Province. Based on the problem in this study, the hypothesis is formulated as follows:

1. The role of the DPRD budgeting function does not affect the potential for fraud in districts / cities in North Maluku Province
2. Organizational commitment has a significant effect on the potential for fraud in districts / cities in North Maluku Province.
3. The role of the DPRD Budgeting Function and organizational commitment simultaneously has a significant effect on the potential for fraud in districts / cities in North Maluku Province.

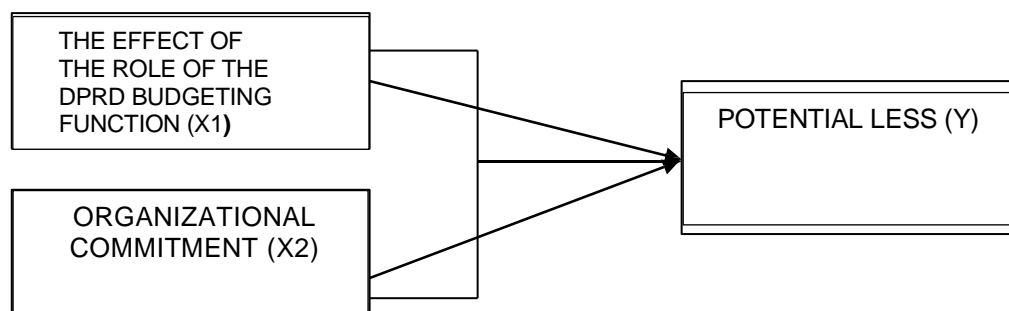
RESEARCH METHOD

This research is a causal research, namely research that measures the causal relationship of two or more variables and shows the direction of the relationship between the independent and dependent variables (Kuncoro, 2003) This study is designed to test and analyze the influence of facts and phenomena and to seek factual information that can explain the influence of the DPRD's budgeting function and organizational commitment to the potential for fraud in APBD budget formulation. Data collection techniques in this study using a questionnaire. The questionnaire is a list of questions that will be given to respondents to explore data according to the problems in the study. Closed structured questionnaires are distributed to respondents directly which are intended to fill in the identity of the respondents and fill in a list of questions regarding matters related to the role of the DPRD's budgeting function, organizational commitment, and the potential for budget preparation fraud.

Population is a generalization area consisting of objects or subjects that have certain qualities and characteristics that are determined by researchers to study and then draw conclusions (Sugiyono, 2010). The population in this study were members of the DPRD workshop in 3 (three) Regencies / Cities in North Maluku Province, namely 15 people

consisting of Ternate City, 12 people from Tidore Islands City and 15 people in Sula Islands Regency. The sampling technique is based on purposive sampling method. Purposive sampling is a sampling method based on certain criteria. The criteria in determining the sample for this study were members of the district / city DPRD budgeting in North Maluku province. The type of data used in this study is primary data. Primary data is research data obtained directly from the source. This research data was obtained directly by members of DPRD budgeting 3 (three) Regencies / Cities in North Maluku Province. The instrument used in this study.

Figure 1. Framework



Hypothesis Testing

In the previous section, the description of each research variable and testing of Classical Assumptions has been described. Furthermore, the causal relationship of the three Independent Variables on the Potential of Fraud in the DPRD in the Regency / City of North Maluku Province will be examined as stated in the research hypothesis. The aim to be achieved in testing this hypothesis is to prove whether or not there is an influence of independent variables either simultaneously or partially on the potential for fraud in the DPRD in the Regency / City of North Maluku Province. The type of statistic used to achieve these two goals is Multiple Regression analysis, following the results of data processing obtained using SPSS 24 software. Hypothesis testing is carried out in the following order:

Based on the results of testing the independent variable with the dependent variable, the results of multiple regression analysis using the SPSS 24 software can be seen as follows:

Table 1.

**Results of the
Variable Questionnaire Reliability Test for the Role of DPRD Budgeting
Functions in
Districts / Cities in North Maluku Province**

Reliability	Statistics		
	Cronbach's Alpha	N of Items	Decision
	0.829	21	Reliable

Source: Data processed by SPSS 24

Table 2.

**Reliability Test
Results Questionnaire Variable of DPRD Organizational Commitment at
Districts / Cities in North Maluku Province**

**Reliability
Statistics**

Cronbach's Alpha	N of Items	Decision
0.793	11	

Source: Data processed by SPSS 24

Table 3.

**Results of the Reliability Test of the Variable Potential Fraud Questionnaire in the
DPRD in the**

**Regency / City of North Maluku
Province**

Reliability Statistics

Cronbach's Alpha	N of Items	Decision
0.749	18	

Source: Data processed by SPSS 24

Multiple regression coefficients for the variables Role of Parliament at 0.331 budgeting functions, variables Organizational Commitment of 0.000 with a coefficient of determination (R^2) of 0.62 and an F Statistics at 32.577. This confirms that partially there is one independent variable which is significant and there is one independent variable that is not significant, however simultaneously the variable of DPRD Budgeting Function and Organizational Commitment has a significant effect on the variable of Potential Prevention Fraud in the DPRD in the Regency / City of North Maluku Province.

Then from the value of the multiple regression coefficient above, it can also be explained that between the two independent variables, namely the Organizational Commitment variable, provides a greater contribution to the prevention of the potential for fraud in the DPRD in the Regency / City of North Maluku Province with a coefficient value of 0.601 followed by the Role Function variable. DPRD budgeting is 0.140. This means that the Organizational Commitment of DPRD Members in the Regency / City of North Maluku Province is an important variable in the success of preventing fraud in the DPRD in the Regency / City of North Maluku Province. Meanwhile, the role of the DPRD Budgeting Function variable is a supporting factor that is no less important, although based on the results of this study the multiple regression coefficient values obtained from the variable of the DPRD Members' Budgeting Function Role are not satisfactory.

RESULTS AND DISCUSSION

The effect of the role of the DPRD budgeting function (X1) and organizational commitment (X2) simultaneously has a significant effect on the potential for fraud in the preparation of APBD (Y). With the influence of the role of the DPRD's budgeting function and organizational commitment, it can overcome fraud in the implementation of APBD preparation. In addition, by instilling an organizational commitment by having a

strong and consistent mental / stance and having the ability to eliminate the occurrence of fraudulent behavior, through the process of enforcing rules and the existence of compliance from members of the DPRD and local government budgeting and the process must be transparent and can be assessed by applicable regulations. there will be free from the influence of cheating.

The results of the regression analysis show that the role of the DPRD budgeting function in 3 (three) Regencies / Cities in North Maluku Province has no significant effect on the potential for fraud in the regional revenue and expenditure budget (APBD) of Sula Islands Regency, Ternate City and Tidore Islands City. The magnitude of the contribution to the influence of the role of the DPRD budgeting function can be explained through the results of the analysis of determination, where the coefficient of determination of 0.618 indicates that the average variation of changes in potential fraud is also determined by the role of the DPRD's budgeting function.

The results of the calculation of the variable influence the role of the DPRD budgeting function (X1) obtained the t value of 0.985 and the p-value with alpha, namely $0.331 > 0.05$. These results indicate H1 is rejected. So, the effect is not significant between the influence of the role of the DPRD budgeting function on the potential for fraud. The beta value in the Unstandardized Coefficients variable for the role of the DPRD budgeting function shows a figure of 0.140, meaning that the coefficient of the role of the DPRD budgeting function on the potential for fraud in the district / city APBD is 14%.

This indicates that the lower the role of the DPRD's budgeting function, the smaller the potential for APBD fraud committed by the DPRD. Because the role of the budgeting function that DPRD members have in relation to the entire budget formulation process from the planning stage to the accountability stage, will assist DPRD members in carrying out their duties and obligations, especially in the preparation of Regency / City APBD budgets in North Maluku Province.

Empirically in the field, the level of knowledge of DPRD members about the budget is relatively good. This is indicated by the results of the respondents' answers to the role variable of DPRD members' budgeting functions regarding the APBD for each statement item, most of the answers were answered agree and strongly agree. In addition, not all members of the DPRD workshops sampled have knowledge of the budget. This indicates that the influence of the role of the budgeting function has not been maximized.

Budgeting is the process of drafting and determining the regional revenue and expenditure budget (APBD) together with local governments. In carrying out this function, the DPRD must be actively involved, proactive, and not reactive and as a legitimator of APBD proposals submitted by local governments. The role of the DPRD in determining the APBD is very important, because the Regional Revenue and Expenditure Budget is a key instrument of economic policy in a region, which requires parliamentary involvement in its determination.

The findings of this study are in line with previous research conducted by (Utami & Syofyan, 2013) which found the results of their research that the council's knowledge of budgets had no significant effect on regional financial supervision. (Yudono, 2002) states that the DPRD will be able to play its role well if the leader and its members are in ideal qualifications, in the sense that they understand their rights, duties and authorities

properly and are able to apply them well, and are supported by a level of education and experience in the field. adequate politics and governance. Research results (Nasir & Oktari, 2011). Budgeting is the process of compiling and determining regional revenue and expenditure budgets together with local governments. In carrying out this function, the DPRD must be actively involved, proactive, and not reactive and as a legitimator of APBD proposals submitted by local governments. Fraud is an act that clearly contradicts the values in society because fraud causes many losses both materially and morally, for example the destruction of organizational reputation, organizational losses, state financial losses, damaged morale of DPRD members and negative impacts other. The theory of legitimacy (Legitimacy theory). This theory states that organizations are part of society so that they must pay attention to social norms because conformity with social norms can make organizations more legitimate.

The results of this study differ from the opinion (Amirudin, 2009) who found the main role of the legislature in the political process of formulating the Regional Expenditure Budget was clearly seen during the discussion of the KUA-PPAS and in the stipulation of the local regulation APBD. The results of the study are also different from research (Iskandar, 2013), (Elfira, 2014), and (Hikmah et al., Nd) which found that budgeting politics has a significant positive effect on the synchronization of APBD documents with KUA-PPAS documents. The consequences of the application of agency theory in budgeting politics can lead to positive things in the form of efficiency. However, it is also necessary to note that the politics of budgeting can also have negative impacts in the form of opportunistic behavior. This fishery insignificance is suspected to be due to the budgeting policy originating from the central government in the form of a Special Allocation Fund (DAK) to certain regional work units (SKPD), which does not significantly affect the Synchronization of KUA-PPAS Documents and APBD Documents, which means that it only impacts on Synchronization. PPAS Documents and SKPD Budget Implementation Documents.

This research is different from research conducted by (Isma, 2014) that the knowledge of DPRD members about the budget has a positive and significant effect on regional financial supervision. This means that the higher the knowledge of DPRD members about the budget, the more regional financial supervision carried out by the DPRD will increase. Research (Pramita & Andriyani, 2010) shows that board knowledge about budgets and organizational commitment has a significant effect on regional financial supervision

Based on the results of hypothesis testing 2 shows that the results of multiple regression analysis with the SPSS program show that organizational commitment has a significant effect on potential fraud in the preparation of regional government revenues and expenditures (APBD) of Sula Islands Regency, Ternate City and Tidore Islands City in North Maluku province. The amount of contribution to the organizational commitment of DPRD members can be explained through the results of the analysis of determination, where the coefficient of determination of 0.601 indicates that the average variation in APBD preparation changes is also determined by the DPRD organizational commitment factor. This means that if the organizational commitment of DPRD members to the APBD budgeting functions optimally, then the regional budget will reduce the potential for APBD fraud, so that it can be said to be effective in achieving predetermined targets.

This means that in reality, the average level of organizational commitment of DPRD members in the preparation of APBD in the three districts / cities is in the "agree" and

strongly agree category. The results of the product moment correlation analysis showed that the correlation coefficient between organizational commitment (X2) and potential fraud (Y) was = 0.771 and the determination coefficient was $r^2 = 0.595$. So, there is a positive relationship of 77.1% between the organizational commitment of DPRD members and the potential for fraud in the preparation of the APBD, on the one hand, and the contribution or contribution of implementing the budgeting function to the preparation of the APBD is 59.5%, while the remaining 40.5% is influenced by other factors not examined in this research. After the significance test was carried out by consulting the value of the correlation coefficient of research results (r_{count}) with the r_{table} value, it was very significant at the 1% test level, where $r_{count} = 0.771$ was much greater than $r_{table} = 0.361$. So, the correlation coefficient of 0.771 is very significant and can be applied to populations with an error rate of 1%. This means that it can be concluded that there is a positive and significant relationship of 0.771 between the DPRD budgeting function and the potential for fraud in the preparation of the APBD, especially Ternate City, Tidore Islands City and Sula Islands Regency.

Hypothesis 2 test results indicate that there is an effect of organizational commitment on potential trends in fraud behavior. Based on behavioral theory, the formation of a person's behavior can be influenced by 2 factors, namely personal factors and situational factors. Someone who has high commitment and loyalty may be influenced by situational pressures from the surrounding environment. The existence of pressure from the outside / the surrounding environment that is stronger will erode the commitment that is owned within a person or even disappear, so that the person can commit fraud.

These results are consistent with the theory stated by (Angle & Perry, 1981), which suggests that strong organizational commitment will encourage individuals to try harder in achieving organizational goals. So that high commitment makes individuals more concerned with the organization than personal interests and tries to make the organization even better. So, between organizational commitment and the potential for fraud there is a positive influence where the good must be behind a strong commitment. Poor organizational commitment does not result in high performance, this is in accordance with the study conducted by Yuliasuti, et al (2020) and Zahra, et al (2020) So, the higher the degree of organizational commitment, the higher the performance it achieves.

Judging from the frequency distribution data for the organizational commitment variable where the average respondent's level of achievement for this variable is in the category of strongly agree so that the better organizational commitment will help the members of the Regional Representative Council budgeting to achieve better performance. (Robbins & Judge, 2008) defines commitment as a condition in which an individual sides with the organization and its goals and desires to maintain its membership in the organization. In addition, there is a need for a strategy in management to create success in achieving goals for creating community welfare, according to the study from Runtunuwu, P. C. H. (2020) and Marzuki, S. et al. (2020)

By knowing the better organizational commitment, individual involvement in budgeting will understand the targets to be achieved by the budget, as well as how to achieve them using existing sources, then the budget targets will be prepared accordingly. The results of this study conclude that the better organizational commitment in a public sector organization (DPRD) will improve the performance of the DPRD's organization to

be good, this is in accordance with research conducted by (Kouzes & Posner, 1997), indicating that high credibility can produce a commitment, and only with high commitment, an organization can produce good performance.

CONCLUSIONS

Based on the results of the analysis and discussion of the influence of the role of the DPRD budgeting function and Organizational Commitment on the potential for fraud among members of the DPRD budgeting DPRD Kota Ternate, Tidore Islands City and Sula Islands Regency, North Maluku Province, it can be concluded as follows:

1. The influence of the DPRD budgeting function role has no effect on potential fraud in the DPRD of Ternate City, Tidore Islands City and Sula Islands Regency, North Maluku Province
2. Organizational commitment has a significant effect on the potential for fraud in the preparation of APBD of Ternate City, Tidore Islands City and Sula Islands Regency, North Maluku Province. This has important implications for us to emphasize attention to the variables that influence the potential for fraud.
3. The effect of the role of the DPRD budgeting function and organizational commitment simultaneously has a significant effect on the potential for DPRD fraud in Ternate City, Tidore Islands City and Sula Islands Regency, North Maluku Province.

Suggestions

1. It is hoped that the leaders of the three Regency / City DPRD can identify the symptoms, signs, and opportunities of fraud in the DPRD environment and carry out regular fraud risk assessments so that fraud can be eliminated.
2. DPRD leaders and members should increase the role of the budgeting function to prevent fraud in government agencies. The DPRD of the three regencies / cities in North Maluku Province further improves

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