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# **The Effect of Preventive Supervision, Detective Supervision on the Effectiveness of Financial Budget Control and Its Impact on Good Governance of Aceh Government (Study on Aceh Government Unit)**

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## **Abstract**

The purpose of this research was to know preventive supervision, detective control on the effectiveness of financial budget control and its impact on good governance of Aceh Government (Study on Aceh Government Working Unit). The population in this study was the Aceh Device Work Unit that participated in the preparation of the budget amounted to 94 respondents. Data analysis used in this study was path analysis (path analysis). The results of the study showed that preventive supervision; detective supervision, financial budget control and good governance of Aceh governance were good. There was the influence of preventive supervision and detective supervision on the effective control of the Aceh Government's financial budget. There was the influence of preventive supervision, detective supervision and the effectiveness of budgetary control over good governance of Aceh Government. There was the influence of preventive supervision and detective supervision through the effectiveness of financial budget control over good governance of Aceh Government.

**Keywords:** Preventive Supervision, Detective Supervision, Effectiveness of Budget Control and Good Governance

## **Introduction**

Supervisions a part of general governmental authority that attaches in every Local Government since the Regional Government is formed. The supervision policy covers the entire development process from the policy aspect, the preparation of the plan and the program, the physical implementation in the field, to the evaluation of the benefits of an activity program objectively and proportionally so it is expected to contribute positively in realizing the implementation of the task in an orderly, efficient and effective manner. Such supervision policy

in the long run is more directed to preventive action, system improvement and development management, while in the short run more directed to eradication of Corruption, Collusion and Nepotism and all causes of inefficiency.

In terms of supervision, it is divided into several kinds which include preventive supervision and there is detective supervision. Preventive supervision is the supervision conducted prior to the implementation of an activity. Preventive supervision is basically done to prevent the occurrence of irregularities in the activities. Detective supervision is a form of surveillance carried out by examining and evaluating the documents of the treasurer's accountability report.

Hajrin (2015) said that preventive supervision has a positive and significant impact on the effectiveness of budget control and good governance, which means that the better preventive supervision, the higher the effectiveness of budget control, and will create good governance. Preventive supervision is necessary as it can stop the occurrence of problems. System designers should emphasize their supervision on preventive supervision. It is more economical and better for human relationships to prevent a problem before it arises than to detect and correct problems after they occur. The phenomenon of preventive supervision in Aceh Government such as performance benchmarks and performance targets in some activities still in the form of percentage and time that should be adjusted quantitatively and can be measured, The procurement cost of equipment and office equipment is not efficient so that the fund is as a saving for other activities. On the expenditure of the official trip the nomenclature has not been fully adjusted and transferred to its activity account code, budgeting in an activity not yet in accordance with Aceh Government Cost Standard, the unit price activity has not been adjusted to the Aceh Government Fee Standards, expenditure unit to be adjusted not in the form of activities / packages into measurable units, unit cost of maintenance cost not yet fully adjusted to Aceh Government Fee Standards.

Kusmayadi (2009) explains that detective supervision has a positive effect on the effectiveness of budget control and good governance, which means that the better the detective supervision done by the government, the better the effectiveness of budget control will be, the better the budget control will be the better governance (*good governance*).

The phenomenon of low detective supervision in the Government of Aceh, such as financial accountability is not equipped with complete evidence, the calculation of payments of Work Performance Benefits is not in accordance with the provisions, receipts of local revenue are late deposited to the Regional Treasury, Excess payment of honorarium Officials Technical Activities and Assistant, Regional Property Management has not complied with the provisions, Preparation of Self Estimate Price is not in accordance with the provisions, Implementation of Work is not in accordance with Cost / Contract Budget Plan, Implementation of work not fully in accordance with technical specifications, Goods / Grants is not wholly distributed to beneficiaries , Provision of aid / grant of goods is not on target, Grant Assistance for the Community has not been operated, and the excess payment of travel expenses outside the region.

## Literature Review

### The Definition of Good Governance

The emergence of the concept of good governance in Indonesia originated from the economic crisis that occurred mid-1997. The crisis provides a valuable lesson that the

development undertaken so far was not supported by a solid economic structure. Almost all of our big entrepreneurs run business ventures with poor management and often indicate the occurrence of corrupt, collusion, and nepotism practices.

*Good governance* has long been a dream for many people in Indonesia. Although their understanding of good governance is different, most of them at least imagine that with good governance they will be able to have better governance quality (Ifdayanti, 2011).

*Good governance* is good governance in a business based on professional ethics in trying to work or ideally in running profession. Understanding of good governance is a form of acceptance of the importance of a set of rules or good governance to govern the relationships, functions, and interests of various parties in business and public service (Trisnaningsih, 2014).

### **Effectiveness of Local Budget Management Control**

Regional finance are all rights and obligations that can be assessed with money and all things in the form of money or goods that can be used as regional wealth as long as it is not owned / controlled by the state or higher region and other parties in accordance with the provisions / apply. The scope of regional finance consists of direct-administered regional finances and separated regional wealth. Included in regionally managed finances are the Regional Revenue and Expenditure Budget (APBD) and regional inventory items. The separated regional finances include Regional Owned Enterprises (BUMD) (Halim, 2011: 20).

Control of the budget is a process to ensure that the budget to the specific thing is implemented appropriately and efficiently. Control of budget execution is conducted with the aim of ensuring that the collection of state revenues and the distribution of state expenditures does not deviate from the plans outlined in the state budget (Revrison, 2015: 118).

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### **The Definition of Supervision**

Speaking of organizational problems closely related to the function of management and one of the functions is supervision. Supervision is one of the functions that contribute to determine whether or not a company's objectives are achieved. Supervision is a work activity to assess whether the activities undertaken have proceeded according to plan or not, so that any irregularities that will happen can be avoided as early as possible, by observing any activities that have been completed or that are and will be implemented.

Manulang (2002: 23) states that "Supervision of one of the management functions in the form of assessment and at the same time if necessary make a correction so that what is being done by subordinates can be directed to the right path with the aim of achieving the goals that have been outlined. Sukamdiyo (2000: 44) states that supervision can be interpreted as a process to determine what work has been done, to correct it with the intention that the implementation of the work in accordance with the original plan.

### **Preventive Supervision**

According to Revrisond (2015: 120), preventive supervision is the supervision conducted before the commencement of the implementation of an activity, or before the occurrence of state financial expenditures. Preventive supervision is basically done to prevent the occurrence of irregularities in the implementation of activities. Widjaja (2014: 95) states that preventive supervision is generally not carried out by established supervision units and has procedures to be followed in carrying out the activities.

Porter (2012: 177) says that detective supervision alerts individuals involved in a process in such a way that they are always on the lookout for a problem. The detective supervision should indicate the possible concerns that individuals should pay attention to so that action can be taken. One example of detective supervision is a checklist of payments from those who work. The detective supervision will not prevent problems before they arise, but they tend to show a problem when they arise.

### **Research Methods**

The population in the generalization region consisting of objects / subjects that have certain qualities and characteristics set by the researchers to be studied and then drawn the conclusions (Sugiono, 2007). The population in this study was the Aceh Device Work Unit that participated in the preparation of the budget. The study population was 94 respondents.

### **Analysis Method**

Data analysis used in this study was path analysis (path analysis). Path analysis is a statistical technique used to examine the causal relationship between two or more variables, and it is also used to see the direct and indirect effects of a set of variables as causal variables against a set of other variables that are a result variable. (Ghozali, 2011: 73). The magnitude of the influence of the direct variable of a variable that affects the influenced variable is called the path coefficient. The path coefficient is given the symbol  $P_{ij}$  where  $i$  is the dependent variable and  $j$  the independent variable (Sarwono, 2011: 149).

### **Result and Discussion**

#### **Discussion Result**

#### **Effect of Preventive Supervision on the Effectiveness of financial budget control**

The results of this study indicate that preventive control affects the effectiveness of financial budget control, the results of this study in accordance with the opinion expressed by Mardiasmo (2004: 134), said that there are relationships and the strong influence of preventive supervision on the effectiveness of budget control. Budget effectiveness becomes a measure of success or failure of an organization to achieve its objectives. Success or not the implementation of the effectiveness of budget control is determined by preventive supervision.

From the above explanation, the relationship between preventive supervision and budget effectiveness are binding, the detective supervision according to theory is the supervision done before the activity takes place, and this supervision can be used as early prevention to the possibility of deviation to the budget, and prevent unattainable budget based on what has been established. So the budget that has been set can be monitored its use in accordance with its fortune, and no more funds are wasted, and not fully absorbed, so preventive supervision is



significantly related to the effectiveness of a budget. The better the preventive supervision done, the better the control of the budget is, so the preventive control has a positive effect on budget control.

### **The Effect of Preventive Supervision on Good governance of Aceh Government**

The results of this study indicated that preventive supervision affect the good governance, the results of this study in accordance with the opinion put forward by Hajrin (2015) preventive supervision has a positive and significant impact on good governance of Government. Revrisond (2000: 123) explains that preventive supervision is supervision conducted prior to the implementation of an activity. Preventive supervision is basically done to prevent deviations in activities.

### **Effect of Detective Supervision Against Effectiveness of financial budget control**

The results of this study indicated that detective supervision has a positive impact on the effectiveness of financial budget control, in accordance with the opinion expressed by Revrisond (2000: 123) said the detective supervision is a form of supervision conducted by examining and evaluating documents accountability report, which is usually carried out after an activity . Further Revrisond (2000: 118) says that the real control covers the aspects of control and examination by the superior against subordinates. Thus, detective supervision is one of the supporting aspects for effective control of implementation.

### **Influence of Detective Supervision on Good Governance**

The results of this study indicated that the detective supervision has a significant and positive influence on the good governance of employees. The findings were in accordance with the opinions expressed by Kusmayadi (2009) explains that the detective supervision has a purpose to observe the progress of the implementation of activities and test the accuracy of reports received. Detective supervision has a positive impact on good governance. Control of the budget is a process to ensure that the budget to the specific thing is implemented appropriately and efficiently. Control of budget execution is conducted with the aim of ensuring that the collection of state revenues and the distribution of state expenditures do not deviate from the plans outlined in the state budget (Revrisond in Fuadi, 2013).

### **Effect of Effectiveness Budget Control to Good Governance**

The results of this study indicated that the detective supervision has a significant and positive impact on the good governance of employees, these findings were in accordance with the opinion Kusmayadi (2009) explains that the effectiveness of budget control affects good governance. The better the effectiveness of budget control, the better the good governance will be, and the reverse the worse the effectiveness of budgetary control, the lower the good governance will be. Control of the budget is a process to ensure that the budget to the specific thing is implemented appropriately and efficiently. Control of budget execution is conducted with the aim of ensuring that the collection of state revenues and the distribution of state expenditures do not deviate from the plans outlined in the state budget. Revrisond (2015) the better the effectiveness of budget control, the better the good governance will be, and the reverse the worse the effectiveness of budgetary control, the lower the good governance will be.

### Conclusion

1. Preventive supervision, detective supervision, effectiveness of financial budget control and Good governance Aceh governance were good.
2. There was the influence of preventive supervision and detective supervision over the effectiveness of the budget control of the Aceh Government.
3. There was the influence of preventive supervision, detective supervision and the effectiveness of budget control over good governance of Aceh Government.
4. There was the impact of preventive supervision and detective supervision through the effectiveness of financial budget control over good governance of Aceh Government.

### Research Scope

The instrument used in data collection was only a questionnaire. The conclusions were taken only based on the data collected through questionnaires that would cause problems if the respondent's answer was different from the actual situation, especially if the questionnaire was filled by the respondent with the condition of lack of concentration. Such circumstances were uncontrollable and beyond the the researcher's ability.

### Suggestions

1. It is expected that the Government of Aceh will again pay attention to the preventive supervision issue so that it will be more transparent the future and its influence on *good governance* will be greater.
2. Then the detective supervision can be maintained and improved continuously in the future so that *good governance* becomes better.
3. It is also expected to the Government of Aceh to always maintain the effectiveness of financial budget control as the effectiveness of this financial budget control becomes an indicator that greatly affects *good governance*.
4. Then it is also expected to the Government of Aceh to continue improve *good governance* and improve the shortage so that *good governance* of Aceh government in the future become better.
5. Hopefully this research will become a description and reference for further research on preventive supervision, detective oversight of the effectiveness of financial budget control and its impact on good governance.

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