

REGIONAL FINANCIAL MANAGEMENT STRATEGIES TO IMPROVE THE COMMUNITY WELFARE IN BALI PROVINCE

I Wayan Sutrisna
Ni Nyoman Yuliarmi

ABSTRACT

The implementation of regional autonomy has brought changes in the management of Regional Finance. Local governments are expected to optimize spending effectively and efficiently to achieve a better level of community welfare. The implementation of performance-based budgets by local governments is in principle how each rupiah spent can benefit the improvement of people's welfare. Various strategies are carried out by the Local Government in Bali in managing the budget in order to be able to have an impact on improving the welfare of the community. Such strategies, such as regional finance management with a participatory approach that provides space for community involvement in regional budget policy and at the same time is the implementation of good governance in financial management. Regional Financial Management must also be managed with the principle of transparency so that the public has wide access to know the budget documents so that the public knows the allocation of funds provided by the local government in the implementation of development. Another strategy implemented in regional financial management in order to achieve community welfare is budget management with the principle of fairness. In addition, budget management must be done effectively and efficiently so that the managed budget avoids leakage and inefficiency and has the maximum impact on economic development towards the welfare of the community. This paper aims to review the Regional Financial Management Strategy in order to improve the Welfare of The Community in Bali Province. This study uses a literacy study approach.

Keywords: autonomy, regional finance, welfare

INTRODUCTION

Decentralization policy implemented in the reform era aims to implement development evenly throughout Indonesia. The implementation of decentralization policy in the form of granting autonomy rights to the district /city government in Indonesia should be a motivation for all components of the community in the region to participate in the entire development process. In Law No. 23 / 2014 on Regional Government it is stated that Regional Autonomy is the right, authority, and obligation of autonomous regions to manage and manage their own government affairs and the interests of local communities in the system of the Unitary State of the Republic of Indonesia. This right of autonomy can be an opportunity for the region in empowering all existing resources for the greater prosperity of the people in their respective regions.

The implementation of decentralization policy which includes fiscal decentralization is an opportunity for local governments to empower their respective regions by optimizing the potential in the region. The implementation of this decentralization policy is expected that local governments can provide optimal services to the community and lead to improving the welfare of the community. In his research, Zahari, [et.al](#) (2018), revealed that fiscal decentralization has a positive and significant influence, impacting on improving the welfare of the community. That is, the better the implementation of fiscal decentralization, the higher the level of welfare of the community.

Regional autonomy brings changes in the management of Regional Finance in general and management of the Regional Revenue and Expenditure Budget (Anggaran Pendapatan dan Belanja Daerah/APBD) in particular which is fully handed over to the local government. In Government Regulation No. 12 of 2019 it is stated that Regional Finance is all rights and obligations of the Region in the framework of the implementation of Local Government that can be assessed with money and all forms of wealth that can be used as regional property in connection with the rights and obligations of the Region. Substantial government spending is to provide capital goods such as road infrastructure, electricity, water and public goods because these public goods are useful for many people (residents). No matter how much money the government raises and allocates in terms of spending if government spending is not intended to boost the economy and provide public goods, it will not mean much (Suprayitno, 2017).

Regional Finance that is managed optimally will make every fund used in development can improve the welfare of the community in general. One of the functions of the government in realizing the general welfare is to allocate effective sources of funds to support economic activities based on the people. Suryaningsih, [et.al](#) (2015), explained that the success of local governments in managing regional finance has implications for increasing economic growth, per capita consumption and decreasing gini ratio. This has an impact on the health, education and social life of the community so that the community is more prosperous.

The main purpose of regional finance management is to help determine the level of community needs for basic social services such as health, education, electricity, clean water, transportation, settlement and natural resource management, so that all community needs can be met. As one component of public accountability, local governments are expected to optimize spending effectively and efficiently to achieve a better level of community welfare. The decentralization approach in the fiscal sector is considered as a solution to improve the welfare of the community, both directly and through macroeconomic indicators such as; economic growth and open employment opportunities and business opportunities for people in each region.

The main characteristic that indicates an autonomous region performs its role isotomically, namely the financial capability of the region so as to give the right to the region to empower all the potential of the regional economy that can be used as regional income. Local budget is one of the tools to improve public services and community welfare in accordance with the development goals implemented (Ariany, 2010). All potentials owned by the region is expected to be a source of development financing so that it can be enjoyed by all levels of society. In addition to having a function in making regional budget decisions can also be used as one of the tools by government management in evaluating the work units under it. Budgeting is an annual plan that is the actualization of the implementation of long-term and medium-term plans, so that in the preparation of the budget should not deviate from the long-term plan and medium-term plan. The budget is expected to be able to realize the vision-mission of regional leaders towards the realization of a prosperous society.

The basic principle that must be held in managing finances is accountability of the use of budgets. Regional Financial Accountability is the embodiment of the obligation of government agencies to account for the success or failure of the organization's mission in achieving the goals and objectives that have been set, through a media of periodic accountability (Putera, 2016). Financial management carried out by local governments must have a positive impact on the economy and the welfare of the community at large. This is also a direct responsibility to the community as the party that will determine the sustainability of local government leadership.

A number of studies have been conducted to analyze the performance of Regional Finance in improving the welfare of the community such as Marayadnya, et.al (2018) and Hamid (2018), which showed that regional financial performance has an effect on improving welfare in general. This happens because good regional financial management will also have good consequences on the level of welfare of the people in the area. The problem formulation in this study is whether the effectiveness of the government's regional financial budget strategy is able to improve the welfare community in Bali Province? In this paper will review the Regional Financial Management Strategy in order to Improve the Welfare of The Community in The Province of Bali. The approach used in this study is the literacy study approach.

RESULTS AND DISCUSSION

1. Performance Based Budget

The implementation of regional autonomy that has been progressively implemented since 2001 has brought paradigm changes in the implementation of local government, especially in the management of local government finances. This autonomy policy has changed the management system of the Regional Budget implemented by the Local Government in Bali from traditional budget to performance budget. One of the benchmarks of regional success in the implementation of Regional Autonomy is the success of regions in exploring, managing, directing and controlling the Regional Budget (APBD) in accordance with the policy direction and priorities set. Through government spending in APBD every year directed to various areas of development, programs and activities in accordance with the priorities set by the region, it is expected to be able to stimulate development in various sectors.

The government's spending plan aims to meet the wishes of all levels of society. The process and allocation of budgets must be oriented to the public interest. This means that the budgeting process should involve many parties ranging from planning to implementation (Mardiasmo, 2018). Therefore, it is expected that public spending gets a greater proportion than spending on apparatus, because public spending is a government investment that is expected to improve the welfare of the community. The involvement of the community at large in the process of drafting APBD will have the maximum impact on the welfare of the community because it has been prepared for the benefit of the community at large.

The need for expenditure is the cost incurred to produce a level of performance for the existence of government programs both from the district and provincial levels. Local Government expenditures, especially in local budgets, will assist local governments in making decisions and planning development, in addition it can be developed into standard measures to evaluate the performance of all work unit activities (Shah, 1994). Funds issued by local governments, whether it is spending on operations or spending on investment or capital expenditures must be managed effectively and efficiently and able to be accounted for to the community with the realization of the implementation of targeted development programs.

Budget preparation using performance-based budget system emphasized are various aspects to be achieved (output), such as socioeconomic development and physical aspects that are clearly measured. It is also emphasized the functional aspects of each institution / department, grouping each project activities oriented to budget control and also emphasizing on the efficiency of program implementation / activities (Suhandak and Nugroho, 2007). The analysis of performance indicators not only emphasizes not only the cost aspects and benefits obtained from the implementation of certain development programs and activities, but must also include the benefits to overall development covering economic, social and cultural fields. Therefore, in addition to the aspects of financial efficiency, performance indicators also cover aspects of the fulfillment of the needs of society at large (Sjafrizal, 2017).

The implementation of performance-based budgets by local governments is in principle how every rupiah spent can benefit the community in improving its welfare. The budget must be managed effectively and efficiently so that there is no waste and mistargeting of the budgeting process by local governments in carrying out development. The success of performance-based budget management implemented in Bali can be seen at the level of Human Development Index (HDI) recorded in Bali Province. In the data of the Central Statistics Agency (Badan Pusat Statistik/BPS) shows the HDI of Bali Province the last five years are in the upper middle category which ranges from 70-80, which means that the lives of Balinese people in terms of health, knowledge and decent life have been very good.

2. Regional Financial Management in improving Community Welfare in Regency/City in Bali Province

Government-run regional autonomy provides unobstructed opportunities for autonomous regions to improve people's welfare. Regional autonomy is expected to have a positive impact on the welfare of people in the region through fiscal decentralization. The effect of the degree of fiscal decentralization and special allocation funds on the welfare of the community is positive and significant. Indirectly, the influence of the degree of fiscal decentralization and special allocation funds can be mediated by economic growth and have a positive and significant effect on the welfare of the community (Wekan, et.al, 2019). Fiscal decentralization implemented since the beginning of the reforms provides flexibility for regions to explore the potential to increase Local Native Income (Pendapatan Asli Daerah/PAD) to support every development process implemented by local governments. Strengthening PAD has an impact on the increasing allocation of funds for investment that leads to regional economic growth and improving the welfare of the community.

The role of the State in the management of public finances aims to create justice and provide security for the community. To realize this goal, public facilities and infrastructure are needed as well as strict supervision by competent and credible officials in ensuring accurate and fair distribution of public income. Public financial management must be done transparently and accountable, especially in preparation, implementation, and accountability. Budget management aims to realize a prosperous society by paying attention to the public interest through the provision of supporting facilities and infrastructure, and management of state revenues in accordance with applicable regulations (Jaelani, 2015). Financial Management of Local Government in Bali is carried out in accordance with the established rules, so that in 2018 all Local Governments in Bali both Regency / City and Province get an assessment with a Reasonable Opinion Without Exception (Wajar tanpa Pengecualian/WTP) from the Audit Board of Finance (Badan Pemeriksa Keuangan/BPK). This indicates that the implementation of Regional Finance management is in accordance with the applicable rules and is intended for the welfare of the community.

Regional development policy outlined in regional financial policy through APBD is an opportunity for local governments to increasingly take advantage of their authority in developing development capacity and economy so as to improve the welfare of their communities. Here is an overview of the allocation of regional revenues and expenditures in the APBD Regency / City in Bali in 2018.

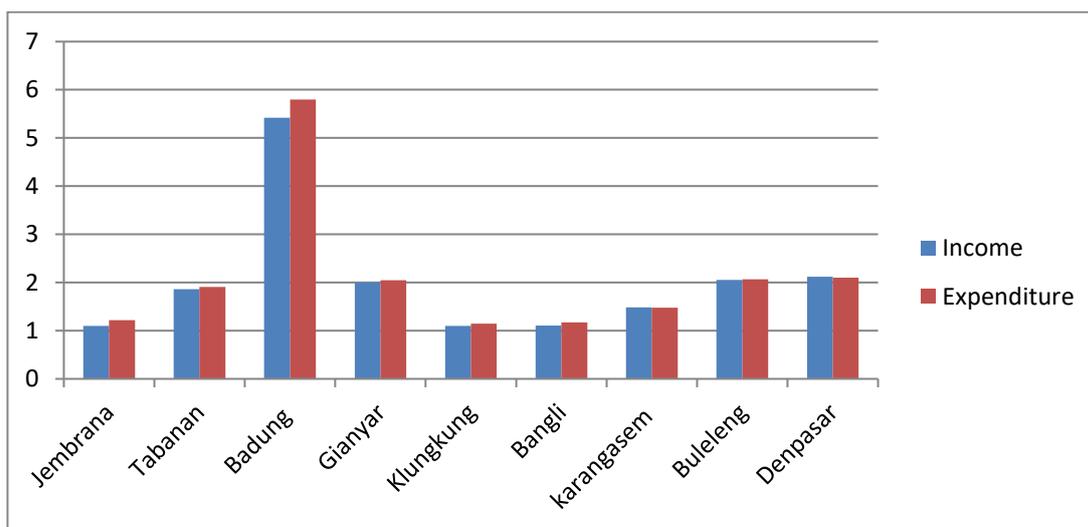


Figure 1. APBD Regency / City in Bali in 2018 (In Trillions of Rupiah)

Source : BPS Prov. Bali in 2019

Regional financial management carried out by the district / city government as an autonomous region is always aimed at improving the welfare of its people. In terms of today's development, looking at how local governments allocate spending for the benefit of the community will have a multiplier effect on improving the welfare of their communities. Local government policies in the allocation of spending optimally will be able to realize the macro-economic objectives of the region, especially those related to economic growth and community welfare. This correlation is shown by Keynes in Mankiw (2018), that public sector investment will boost economic growth, employment opportunities and reduce poverty through multiplier effect.

Joint efforts made by the Provincial Government of Bali with the Regency / City Government in optimizing regional financial management are always aimed at the welfare of the community. Although the local government has tried its best in financial management, there are still a number of people who have not enjoyed the results of development so have not been able to get out of the poverty line. In Table 1 the following described the number of unemployment, poverty, Gini Ratio and HDI of Bali Province from 2015 to 2019.

**Table 1. Number of Unemployed, Poverty, Gini Ratio and HDI of Bali Province
Year 2015-2019**

Year	Unemployment (thousand)	Poverty (thousand)	Gini Ratio	HDI
2015	47,21	196,71	0,38	73,27
2016	46,48	178,18	0,37	73,65
2017	36,14	180,13	0,38	74,30
2018	34,48	171,76	0,38	74,77
2019	37,55	163,85	0,37	75,38

Source : BPS Bali Province, 2020

The percentage of pengangguran in Bali Province until 2019 is still the lowest in Indonesia. This is because the tourism sector which is the highest contributor to employment is in good condition. The interest of Indonesian and international people to visit Bali is still very high. In 2019, the island of Bali is still crowned as the most popular island and is very worthy to be visited by an international tourism magazine, so domestic and foreign tourists are very interested in visiting the island of Bali. This condition causes the tourism sector to continue to grow and open jobs for the community. The openness of employment causes the poor in the Bali region to become small and the equality of income and welfare of the community is getting better.

Local Government Finance Regency / city in Bali whose source of income is mostly obtained through the tourism sector has been managed well so that the poverty rate in Bali is quite small, below the national average. When viewed from the Human Development Index (HDI), Bali Province is in the upper middle level because it ranges from a value of 70 to 80. This shows that in terms of health, knowledge and decent life, Balinese people have been at an excellent level. HDI category according to BPS (2016): high (HDI>80.00); (HDI between 66.00 – 79.99); medium-sized enterprises (HDI between 50.00 – 65.99); and low (HDI < 50.00). Looking at the value of HDI in Bali in the last 5 years shows that the Local Government has successfully managed the regional finances owned to prosper its communities.

3. Regional Financial Relations and Community Welfare

Financial management in the era of regional autonomy is to maximize revenues dug from the potential owned by the region and used for the amount of people's prosperity. The relationship of regional financial management with the welfare of the community as stated by Bonet (2006), namely the process of fiscal decentralization can increase regional income inequality. This is due to expenditures that are mostly allocated to salaries, not capital or infrastructure investment and lack of institutional capacity in local governments. Meanwhile, research conducted by Lessman (2006), found that countries with high decentralization rates have relatively small income inequality. These results can only be generalized for developed countries, while in poor or developing countries it has a negative impact. Budget allocation for development, especially for infrastructure development in the village will be able to provide good economic growth and quality means the growth enjoyed by the majority of people. Badrudin (2011), found that fiscal decentralization implemented by the government since the era of reform has a significant effect on economic growth that leads to improved public welfare. Research conducted by Sandjaja, et.al. (2020) concluded that decentralization policy affects human development and poverty alleviation. In order for the development objectives to be achieved to the maximum, this fiscal decentralization policy must be followed by improvement of fiscal balance management with a better level of transparency.

Regional expenditures are divided into direct and indirect spending. In the form of direct spending expenditures are intended to improve the quality of public facilities and infrastructure or direct programs that can stimulate greater productivity for the community as well as businesses in the region. In addition, local government spending is also intended for basic services that must be obtained by the community, namely education and health. With the right allocation of direct spending, the improvement of regional infrastructure and public facilities will remain good, thereby improving the quality and quantity and increasing regional productivity, community income and increasing HDI (Sasana, 2012). Regional spending that is prepared by providing a wide space in the absorption of community aspirations will make the funds spent by the government in building the area to be on target. Government spending that is really needed by the community will be able to have a positive impact on improving the welfare of the community.

Decentralized development gives local governments broad authority to allocate local government spending in improving the welfare of communities through regional economic growth and reducing the number of unemployed and able to generate equitable income for the community. Khusaini (2006), stated that theoretically the approach to fiscal decentralization and its impact on regional economic growth is currently growing rapidly through a number of researches conducted in a number of countries, including Indonesia. From a theoretical perspective, there is a uniformity of arguments stating that the proper implementation of fiscal decentralization will encourage the improvement of public sector economic efficiency so that it has a positive impact on regional economic growth.

The ability of fiscal decentralization in directly boosting economic growth, where government spending in the form of infrastructure spending allocation is believed to be effective directly encourages regional economic growth and income equality that leads to improved public welfare. Assuming that the information can be optimized in the right development programs and public services, according to the real needs of the community. Putry and Badrudin (2017), explained that the increasing financial performance of local governments that are proxies with the recipient of Local Native Income (PAD) is divided by the amount of transfer revenue from the central government, the ability of the region in increasing the success that has been achieved, and the

priority of allocation of funds in development spending will have an effect on the increasing welfare of the community in managing the potential of the region, namely natural resources, human resources, and its financial resources.

Regional financial management must rely on the public interest. This is not only seen in the large portion of budget allocation for the public interest, but also seen in the large participation of the community in the planning, implementation, and supervision of regional finances. Decentralization policy will create a platform for local communities to participate in determining their own ways to improve their standard of living within the boundaries of the national interest (Mardiasmo, 2018).

The research conducted by Suryaningsih, et.al (2015), explained that the success of local governments in managing regional finance has implications for increasing economic growth, per capita consumption and decreasing gini ratio. This has an impact on the health and education condition, and the social life of the community becomes more prosperous. Therefore, the higher the financial performance of local governments, the higher the participation of the community in paying taxes and local levies will describe the high level of community welfare. Mercan and Sezer (2014), said government spending in education has a positive effect on economic growth. Improving the status of education will increase one's employment opportunities and productivity and reduce the risk of poverty. The performance of government in the development process is very closely related to the effectiveness of the education system. In addition to positive contributions in the social, cultural and political fields, an effective education system improves competitiveness and contributes to economic growth by training qualified workers and increasing productivity in economic aspects.

4. Regional Financial Management Strategy

Decentralization as one of the important policies in the reform era has a very noble goal, namely development development. Through decentralization policy, development is implemented and adjusted by each region by exploring regional resources and paying attention to local wisdom. This policy is put in place to give broader authority to local governments in managing their regions in order to improve the welfare of the community. According to Wahyuningsih (2019), there are three main missions related to the implementation of regional autonomy and decentralization, namely: (1) creating the efficiency and effectiveness of regional resources, (2) improving public services and the welfare of the community, (3) empowering and creating a space for the community to participate in the development process. The spirit of decentralization, democratization, transparency and accountability has become very dominant in the implementation of government processes including the process of regional financial management. In this era of information disclosure, policy makers and implementers in the region are required to be able to improve the efficiency and effectiveness of regional financial resource management to improve the welfare of the community.

The process of preparing regional development planning every year must involve the community at large so that the budget allocation contained in the APBD is always oriented to the public interest. Beschel Jr. and Ahern (2012), said that one of the most important functions carried out by the government in the development process is to mobilize and deploy financial resources obtained by the government to achieve development goals. In realizing real, dynamic, harmonious and responsible regional autonomy and can strengthen the unity and unity of the nation, the regional apparatus must be able to develop strategic development planning to improve the welfare of the community. In addition, in increasing the original income of the region as the main source of development financing, bureaucrats are required to be able to provide maximum space to local, national and international investment without exiting the existing rules in order to establish cooperation and also as government partners in the development process.

Regional Budget obtained from Local Native Income and transfer funds from the central government must be managed properly in order to achieve the goals of national development, namely a prosperous society. The research conducted by Sudiarta and Utama (2019), explained that the financial performance of the district / city government in Bali has a positive effect on inclusive economic growth that leads to improved welfare of the community in general. In the management of Regional Finance, various strategies are needed so that the funds allocated in development are able to realize the vision of the mission of the Regional Government. The strategies implemented in the management of Regional Finance are as follows.

4.1. Regional Finance is managed participatorily.

The granting of authority to the regions in the implementation of regional autonomy is expected to be a motivation to all components of the community in the region to participate in the entire development process carried out by the government. This participation will be able to be a tremendous force in the success of the development itself. The success of development by involving community participation is an extraordinary forum to improve the welfare of the community. In budget management using participatory approaches there are two important things that become a reference, namely communicative aspects and empowerment dimensions (Baiocchi and Ganuza, 2014). Local budget management will be able to improve the welfare of the community if it is done by involving the majority of the community. The budget that will be addressed to the interests of the community is the need of the community in economic development. According to Shannon (2002), public engagement is the main function of a plan that will help the development of the organization and the establishment of organizational goals. Planning that involves community participation is able to provide space to the public to propose alternatives to the establishment of organizational goals. Participatory planning process is carried out through the activities of the Development Planning Council (Musyawarah Perencanaan Pembangunan/Musrenbang). This activity is carried out annually to plan the development that will be carried out in the next year by involving existing community components. But nowadays the activity is still considered as a mere ceremonial activity because it has not involved all components of society. This causes the community to cendrung apathy so that their concern and responsibility for development programs and activities become very small (Sjafrizal, 2017).

Regional finance managed with a participatory approach will be able to provide maximum benefits on improving the welfare of the community. Community participation in regional budget policy is a reflection of the implementation of good governance in regional financial management. The level of community participation can affect the quality of regional financial management, because the target of development budget in the community is the real need of the community in improving its welfare. Community-based (participatory) development is a powerful means to reduce poverty (Saguin, 2018). The results of other research conducted by Indriani et.al (2019), showed that the level of community participation affects the quality of financial management or in other words the higher the level of community participation, the better the quality of financial management. Community involvement in the management of Regional Finance must start from the planning process so that what is designed in development planning is a program that touches the interests of the community at large. Karianga (2017) stated that the fact of community participation in regional financial management is a process where all parties can create and be involved in all development initiatives. Participatory development is a process that involves active communities in all substantive decisions about their lives. The same thing was also conveyed by Rahmawati and Supriatono (2019), that participatory budgeting gives the community the opportunity to convey its aspirations in terms of budgeting, because it is the community that better understands the problems that exist in the region. Meanwhile, Nursiah, et.al (2018), stated that the management of regional finance with low levels of community participation can have an impact on the implementation of less effective development programs. This condition can result in development that is implemented has not been able to revive the community economy in order to support the improvement of welfare.

4.2. Transparent Regional Finance

Regional financial management implemented by the preparation of APBD is a form of regional financial management that is annually stipulated by local regulations (Rahayu, 2014). The regional budget can be interpreted as a one-year regional financial plan on its expenditures and sources of income. The budget can also be said to be a mandate of the people to the House of Regional Representatives (Dewan Perwakilan Rakyat Daerah/DPRD) to improve the services and welfare of the community in accordance with the objectives of broad, real and responsible regional autonomy. The budgeting stage is a process of drawing up a financial plan namely income and financing, then allocating funds to each activity in accordance with the functions and objectives to be achieved and then each of these activities is grouped into programs based on the duties and responsibilities of a particular task force with applicable cost standards. Budgeting is an annual plan that is actualized from medium-term planning as well as long-term planning. The authority that is currently owned allows local governments to develop budget structures both that have been implemented and that will be implemented can be supervised and evaluated by the community. According to Sedmihradska (2015), all citizens have the right to know the complete information related to the draft budget drawn up by the government so that they can provide input related to the budget allocation in the financing plan. Zaluska (2016), mentioned that public involvement in the process of budgeting (democratization of the budget) will be able to improve transparency of public financial management.

Transparency in the preparation of regional budgets will make the budget allocated in the development process able to give a positive impact to the establishment of the development goals themselves. Local governments are obliged to provide wide access to the community to be able to know the budget documents so that the public knows the allocation of funds provided by the local government in the regional budget every year. In addition, budget transparency will be able to facilitate the public and independent institutions in supervising the management of existing budgets. Mardiasmo (2018), explained the principle of transparency or openness is the establishment of public access to all information that is not classified as confidential under the legislation. Information on decisions, policy implementation and results are provided to the public through various media, enabling the public to follow and contribute to the work of local governments. Transparency of regional financial management will create horizontal accountability between local governments and their communities so that local governments are realized clean, effective, accountable and responsive to the aspirations and interests of the community.

Regional Financial Management with a high level of transparency will lead to good governance so that the community feels comfortable and trusts the Local Government in the implementation of development. Areas that have a high level of transparency, on average have a good level of community welfare (Adriana and Ritonga, 2018). Cimpoeu and Cimpoeu (2015), stated that budget transparency as a vehicle for public supervision of government violators will also be able to reduce corruption gaps. Meanwhile, Adiputra et.al (2018), stated that the transparency of Regional Finance is influenced by auditors' opinions as well as the political environment of local governments. The ruling party determines the level of openness of budget management carried out by local governments. Political will regional head is very determined transparent management of government in accordance with the principles of good governance in order to realize the welfare of society in general. Meanwhile, Fahril, et.al (2014), stated that regional financial management conducted transparently will have an impact on the number of inputs provided by the community that can be used as evaluation advice in financial management by local governments. The same thing was conveyed by Wijayanto (2015), namely the transparansi of Regional Finance management through e-budgeting developed through e-government application provides an opportunity for the public to be active in government activities, especially in responding to budgeting and participating in determining society's necessities budget, where the public has the right to participate in the formulation of budget lists and determine the appropriate budget needs to be included in budgeting.

4.3. Budgets are managed with the principle of fairness

Regional budgets managed with the principle of fairness means that the government can allocate resources fairly to sectors or regions where in planning always put forward the bottom-up principle so as to improve the welfare of the community. The principle of justice will give more role to the community to participate in the development process carried out in a region. Implementation of bottom-up principles in the management of Regional Finance can make the budget compiled in the APBD able to provide a sense of fairness in the budget allocation. The principle of a fair budget can be the involvement of all components or groups in the community such as professional groups (farmers, fishermen, traders, laborers, etc.), indigenous leaders, religious leaders, poor

community groups, youth representatives and women's representatives in the entire budget management process. The budgeting process involving the community at large (participatory) is an important step towards greater political inclusion and social justice (Franco and Assis, 2019).

The Regional Government continues to strive to realize independent regional finance by exploring the potential of the region in order to realize a high PAD to finance the development carried out. Mangantar (2018), stated that regional financial independence characterized by the growth of indigenous income will affect the level of welfare of the community. Local taxes, local levies and local levies charged to the community should take into account the ability of the community to pay. People who have low-income ability are proportionately given the same burden, while people who have the ability to pay high are given a high burden as well. In addition, in allocating regional spending must also consider fairness and equality in order to be enjoyed by all levels of society without discrimination in providing services (Suhandak and Nugroho, 2007). Justice in the management of regional budget according to Mardiasmo (2018) means that every community has an equal opportunity to obtain welfare and justice.

Reducing inequality in order to realize social justice is the main reason for the urgent need for a budget that is justice-spective. In addition, a justice-necessary budget is needed to increase public participation in democracy and development, in addition to reducing poverty. A justice-issued budget in principle speaks of the government's commitment translated into budget policy (Yusnaini and Saftiana, 2012). Westover (2012), explained that countries with relatively high levels of government spending have high incomes as well as with low economic inequality, which provides greater certainty in overall satisfaction for its people.

4.4. Budget implemented effectively and efficiently

Regional Autonomy as the implementation of decentralization policy provides flexibility to local governments in financial management aimed at improving the welfare of the community. The effectiveness and efficiency of regional financial management greatly determines the success of the development process carried out in a region. Budgets that are managed effectively and efficiently will be able to provide added value that is beneficial for economic development towards the welfare of the community. Bernatska (2018), revealed that, in budget management to ensure that the principle of effectiveness must be a reference ranging from the planning process to implementation so that the managed budget can provide economic and social benefits.

Procurement of regional assets allocated annually is able to provide great benefits for the economic development of the community. Mardismo (2018) stated that, the procurement of regional assets in addition to being useful for meeting the needs of local governments in order to provide public services, as well as stimulus to drive regional and national economic growth. The utilization of available resources is done as well as possible. Performance management system that makes it possible to evaluate, improve the efficiency and effectiveness of services. To improve budget performance can also be done by periodic external audit. Meanwhile, Blume and Voigt (2013), said that, good governance in the financial sector reflects the level of effectiveness of the government in budget management so that it has an impact on the economic sector.

Regional Financial Management in the era of regional autonomy is carried out with a performance approach. This approach requires that any funds spent by local governments must have an impact on improving the welfare of the community. Performance-based budget management requires budget designers to be more selective in allocating available funds. The expenditure made by the government must be able to improve services to the community and ultimately be able to improve the welfare of the community. Holynskyy (2017) stated that, the process of implementing government finances is not only focused on punctuality and transfer of revenue to the budget post, but how to realize the efficiency of the use of the budget that is managed appropriately, in order to realize the objectives of government administration, namely improving the welfare of the public in general.

The effectiveness and efficiency of the budget allocated by local governments at the budget post in the APBD is beneficial to the maximum for the improvement of public services. Efforts to realize excellent services for the community continue to be carried out so that the community feels the direct impact of the development carried out in the area. Suhandak and Nugroho (2007) explained that an effectively and efficiently managed budget means that the available funds must be utilized as best as possible to be able to produce maximum improvement of services and welfare for the benefit of the community. The objectives desired by the community in regional financial management are economical in the procurement and allocation of resources, efficient in the use of resources in the sense that their use is minimized and the results maximized, and effective in the sense of achieving goals and objectives (Sumenge, 2013).

CONCLUSION

Decentralization policy implemented through the implementation of regional autonomy has brought changes in the management of Regional Finance. In the implementation of regional autonomy, local governments are expected to optimize spending effectively and efficiently to achieve a better level of community welfare. Decentralized development gives local governments broad authority to allocate local government spending in improving the welfare of communities through regional economic growth and reducing the number of unemployed and able to generate equitable income for the community.

Various strategies are carried out by the Local Government in Bali in managing the budget so that the allocated funds can have an impact on improving the welfare of the community. Such strategies, such as regional finance management with participatory approaches that are considered capable of providing maximum benefits on improving the welfare of the community. Community participation is one of the benchmarks of success in the implementation of development. The level of community involvement in regional budget policy is an illustration of the implementation of good governance in financial management. In addition, transparent financial management is also a staregi in regional financial management in Bali. This principle of openness provides access to the

public to know the budget documents so that the public knows the allocation of funds provided by the local government in the budget every year. Openness or transparency of the budget will make the budget allocated in the development process can have an impact on the efforts to achieve the development goals themselves.

Another strategy implemented in regional financial management in order to achieve the welfare of the community at large is budget management with the principle of fairness. Regional Budget Management by applying the bottom-up principle makes the budget allocation compiled in the APBD provide a sense of justice for the community. The implementation of the principle of fairness in the management of Regional Finance is able to provide more role to the community to participate in the development process so that the development carried out can be felt by the whole community. The next strategy in the management of Regional Finance to realize a prosperous society is the preparation of the design and implementation of budget management carried out effectively and efficiently. Regional Finance managed effectively and efficiently will be able to prevent leakage and budget inefficiencies so as to provide added value that is beneficial for economic development towards the welfare of the community.

The implementation of performance-based budgets and the proper implementation of strategi in budget management by the local government of districts / cities in Bali has succeeded in providing maximum benefits for improving the welfare of the community. The budget revenues mostly sourced from the tourism sector have been well managed so that the poverty rate in Bali is quite small, below the national average. BPS recorded the percentage of poor people in Bali in the last three years (2017-2019) continues to decline by 4.25 in 2017, 4.01 in 2018 and 3.79 in 2018. While the percentage nationally was 7.72 in 2017, 7.02 in 2018 and 6.64 in 2019. When viewed from the Human Development Index (HDI) in the last five years (2015-2019) according to BPS data, Bali province is in the upper middle level because it ranges from a value of 70 to 80. This shows that in terms of health, knowledge and decent life, Balinese people have been at a good level.

SUGGESTION

The success of the Bali Provincial Government together with the Regency/City Government in optimizing local finances has had an impact on the welfare level of the Balinese people, but there are still people who have not enjoyed the results of development so that they have not been able to get out of the poverty line even though the number is small. Participatory, transparent, equitable and also effective and efficient budget management is expected to maximize development success in reducing the number of poor people. Participatory, transparent, equitable, effective and efficient Regional Financial Management will be realized if the Local Government gives the widest access to the community to involve themselves ranging from planning, implementation to evaluation of the development process.

The process of managing Regional Finance that begins with the implementation of the Development Planning Council (Musrenbang) starting at the village level must involve all stakeholders in the village. Currently Musrenbang is still considered as a mere ceremonial process that involves only a handful of elite communities in the village. Absorption of community aspirations to be accommodated in development planning can be done at meetings held by banjars or community groups so that the aspirations obtained are proposals from the majority of the community. The government has not maximized the role of community groups to be involved in this process. Therefore, local governments must continue to try to increase public awareness in order to participate in the development process by providing more space for community involvement in the entire development process, especially involvement in the preparation of regional budget policies.

REFERENCES

- Adiputra, I Made Pradana., Utama, Sidharta., Rossieta, Hilda. 2018. Transparency of local government in Indonesia. *Asian Journal of Accounting Research*. Vol. 3 No. 1, 2018. Pp.123-138.
- Adriana, Anissa and Ritonga, Irwan Taufiq. 2018. Analysis of Local Financial Management Transparency Based on Websites on Local Government in Java. *Jurnal Dinamika Akuntansi*. Vol. 10, No. 1, March 2018, Pp. 13-26.
- Ariany, Lies. 2010. *Pembangunan Ekonomi Daerah melalui Pengelolaan Keuangan Daerah dalam Rangka Mewujudkan Good Governance*. Syiar Hukum FH.Unisba. Vol. XII. No. 1 Maret 2010. Pp. 20-32
- Badrudin, Rudy. 2011. *Pengaruh desentralisasi fiskal terhadap belanja modal, pertumbuhan ekonomi, and kesejahteraan masyarakat di 29 kabupaten dan 6 kota di Provinsi Jawa Tengah*. *Economic Journal of Emerging Markets*, December 2011.
- Baiocchi, Gianpaolo and Ganuza, Ernesto. 2014. Participatory Budgeting as if Emancipation Mattered. *Politics & Society* 2014, Vol. 42(1). Pp. 29-50.
- Bernatska, Natalia. 2018. Formation of Modern Model of Budget Management Based on Methods of Public Administration. *Baltic Journal of Economic Studies* Vol. 4, No. 1. Pp. 49-48.
- Beschel Jr, Robert P and Ahern, Mark. 2012. *Public Financial Management Reform in the Middle East and North Africa*. The World Bank. Washington DC.
- Blume, Lorenz and Voigt, Stefan. 2013. The economic effects of constitutional budget institutions. *European Journal of Political Economy*, 29 (2013). Pp. 236-251.
- Bonet, Jaime. 2006. Fiscal decentralization and regional income disparities: evidence from the Colombian experience. *The Annals of Regional Science*.
- BPS. 2016. *Indeks Pembangunan Manusia Kabupaten Barru Tahun 2015*. BPS

- BPK RI. *Iktisar Hasil Pemeriksaan Semester I Tahun 2019*. BPK RI.
- Cimpoeru, Maria Violeta and Cimpoeru, Valentin. 2015. Budgetary Transparency – an Improving Factor for Corruption Control and Economic Performance. *Procedia Economics and Finance* 27 (2015). Pp. 579-586.
- Fahril., Mappamiring., Hardi, Rudi. 2014. *Transparansi Pengelolaan Keuangan Daerah di Dinas Kesehatan Kota Makasar*. Otoritas. Vol. IV No. 2 Oktober 2014. Pp. 111-123.
- Franco, Sergio H. Rocha and Assis, Wendell Ficher Teixeira. 2019. Participatory Budgeting and Transformative Development in Brazil. *Geoforum* 103 (2019). Pp. 85-94
- Hamid, Aceng Abdul. 2018. *Analisis Pengaruh Kinerja Keuangan Daerah terhadap Tingkat Kesejahteraan Masyarakat Kabupaten Majalengka – Jawa Barat*. *Jurnal Sekuritas*. Vol.1, No.4, Juni 2018. Pp. 38 – 51
- Holynskyy, Yuriy. 2017. The Importance of Financial Management Principles in the State Budget Execution. *Annals of Spiru Haret University : economic series*. Issue 4/2017. Pp. 19-28.
- Indriani, Mirna., Nardiansyah., Fahlevi, Heru and Putri Safrida. 2019. *Partisipasi Masyarakat dan Kualitas Pengelolaan Keuangan Desa Survey pada Desa Kecamatan Masjid Raya Aceh Besar*. *Jurnal Riset Akuntansi dan Keuangan*. 7 (1). Pp. 111-130
- Jaelani, Aan. 2015. Public Financial management in Indonesia: Review of Islamic Public Finance. MPRA Paper No. 72340. Pp 1-17.
- Karianga, Hendra. 2017. The Essence of Public Participation in Regional Finance Management: Good Governance Perspective. *Journal of Law, Policy and Globalization*. Vol.65, 2017. Pp. 90-95.
- Khusaini, Muhammad. 2006. *Ekonomi Publik: Desentralisasi Fiskal dan Pembangunan Daerah*. Malang. BPFE UNIBRAW.
- Lessman, Christian. 2006. *Fiscal Decentralization and Regional Disparity: A Panel Data*. Ifo Working Papers.
- Mangantar, Maryam. 2018. An Analysis of the Government Financial Performance Influence on Community Welfare in North Sulawesi Province Indonesia. *International Journal of Economics and Financial Issues*, 8(6). Pp. 137-143.
- Mankiw, N Gregory. 2018. *Pengantar Ekonomi Makro edisi 7*. Jakarta. Selemba Empat
- Marayadnya, I Wayan., Iqbal, Mohammad and Iqbal, A Muh. 2018. *Analisis Kinerja Keuangan dan Tingkat Kesejahteraan Masyarakat Kabupaten Donggala*. *e Jurnal Katalogis*, Volume 6 Nomor 2 Februari 2018. Pp. 73-85
- Mardiasmo. 2018. *Otonomi dan Manajemen Keuangan daerah*. Yogyakarta. ANDI
- Mercan, Mehmet., Sezer, Sevgi. 2014. The effect of education expenditure on economic growth: The case of Turkey. *ScienceDirect*. Pp. 925-930.
- Nursiah., Djaenuri, Aries., Lambelanova, Rossi and Wildan, Lalu. 2018. Regional Financial Management Based on The Participatory Budgeting Perspective in Supporting The Basic Services in Local Government. Vol 1 No. 2 (2018). Pp. 59-71.
- Peraturan Pemerintah Republik Indonesia Nomor 12 tahun 2019 *tentang Pengelolaan Keuangan Daerah*.
- Putera, Roni Ekha. 2016. *Pengelolaan Keuangan Daerah yang Transparan di Kabupaten Tanah Datar dalam Melaksanakan Desentralisasi Fiskal. Sosiohumaniora*, Volume 18 No. 3 Nopember 2016 : Pp 261 – 269
- Putry, Nur Anita Chandra and Badrudin, Rudy. 2017. *Pengaruh Kinerja Keuangan Daerah terhadap Opini Audit dan Kesejahteraan Masyarakat di Daerah Istimewa Yogyakarta*. *JRMB*, Volume 12, No. 1, Juni 2017. Pp. 25-34.
- Rahayu, Ani Sri. 2014. *Pengantar Kebijakan Fiskal*. Jakarta. Bumi Aksara.
- Rahmawati, Siti Meli and Supriatono, Budi. 2019. *Implementasi Penganggaran partisipatif di Indonesia*. *SIKAP* Vol 4 (1). Pp 12-20.
- Saguin, Kidjie. 2018. Why the poor do not benefit from community-driven development: Lessons from participatory budgeting. *World Development*. 112 (2018). Pp. 220-232.
- Sandjaja, Ferensky Regina., Nafisa, Ferinda., Manurung, Ita Nurmanti. 2020. The Impacts of Fiscal Decentralization on Public Welfare in Selected Provinces in Java Island. *Jurnal Bina Praja* 12 (1) Pp 21-31.
- Sasana, Hadi. 2012. *Pengaruh Belanja Pemerintah Daerah dan Pendapatan Perkapita terhadap Indeks Pembangunan Manusia (Studi Kasus di Kabupaten/Kota Provinsi Jawa Tengah)*. *Media Ekonomi dan Manajemen* Vol 25. No 1 Januari 2012.
- Sedmihradska, Lucie. 2015. Budget Transparency in Czech Local Government. *Procedia Economics and Finance* 25 (2015). Pp. 598 – 606.
- Shah, A. 1994. *The reform of Intergovernmental Fiscal Relation in Developing and Emerging Market Economies*, Washington D.C. The World Bank.
- Shannon, Martgaret A. 2002. The use of participatory approaches, methods and techniques in the elaboration of Integrated Management Plans. *Proceedings of the Research Course “The Formulation of Integrated Management Plans (IMPs) for Mountain Forests” Bardonecchia, Italy - 30 June – 5 July 2002*. Pp. 119-132
- Sjafrizal. 2017. *Perencanaan Pembangunan Daerah dalam era Otonomi*. Depok. Rajawali Pers.

- Sudiarta, Dewa Made and Utama, M.S. 2019. The Effect of Regional Financial Performance on Inclusive Economic Growth And Community Welfare in Regency/ City of Bali Province. *Business, South East Asia Journal of ContempSouth East Asia Journal of Contemporary Business, Economics and Law*, Vol. 18, Issue 5. Pp. 260-269.
- Suhandak and Nugroho, Trilaksono. 2007. *Paradigma baru pengelolaan keuangan daerah dalam penyusunan APBD di era Otonomi*. Malang. FIA Unibraw.
- Sumenge, Ariel Sharon. 2013. *Analisis Efektifitas dan Efisiensi Pelaksanaan Anggaran Belanja Badan Perencanaan Pembangunan Daerah (Bappeda) Minahasa Selatan*. *Jurnal EMBA* Vol.1 No.3 September 2013, Pp. 74-81
- Suprayitno, Bambang. 2017. *Ekonomi Publik, Konsep dan Implemetasi Kebijakan*, Yogyakarta. UPP STIM YKPN
- Suryaningsih, Nyoman., Suyana Utama, Made and Mahendra Yasa, I.N. 2015. *Dampak Kinerja Keuangan Daerah terhadap Kesejahteraan Masyarakat Kabupaten/Kota di Provinsi Bali*. *Jurnal Ekonomi dan Bisnis*, 6 (3) Pp. 537-554
- Undang-Undang Republik Indonesia Nomor 23 tahun 2014 tentang Pemerintahan Daerah.
- Yusnaini and Saftiana, Yulia. 2012. *Akomodasi Kepentingan Perempuan melalui Anggaran Berkeadilan Gender*. *Akuntabilitas: Jurnal Penelitian dan Pengembangan Akutansi* Vol. 6 No. 1 Januari 2012. Pp. 40-53.
- Wahyuningsih, Tri. 2019. *Ekonomi Publik*. Depok. Rajawali Pers.
- Wekan, Rein Joseph., Madris and Harryanto. 2019. The Impacts of Fiscal Decentralization on Economic Growth and Social Welfare in Maluku Province. *JBMI* Vol. 15 No. 3 Februari 2019. Pp. 291-304
- Westover H. Jonathan. 2012. Comparative Welfare State Impacts On Work Quality And Job Satisfaction: A Cross-National Analysis. *International Journal of Social Economics*, Vol. 39 Iss: 7 pp. 503 – 525.
- Wijayanto, Hendra. 2015. *Transparansi Anggaran Pendapatan Dan Belanja Daerah (APBD) melalui Penerapan E-Budgeting (Dalam Perspektif Teori Good Governance)*. *The Indonesian Journal of Public Administration*. Vol. 1. No. 1. Mei 2015. Pp 72-88.
- Zahari, M., Tan, Syamsurisal., Haryadi dan Syaparuddin. 2018. Analysis of fiscal decentralization impact on community welfare in Jambi Province. *Jurnal Perspektif Pembiayaan dan Pembangunan Daerah* Vol. 6. Pp. 319-330.
- Zaluska, Dorota Kamrowska. 2016. Participatory Budgeting in Poland – Missing Link in Urban Regeneration Process. *Procedia Engineering* 161 (2016). Pp. 1996 – 2000.

I Wayan Sutrisna
Faculty of Economics and Business Udayana University,
Bali, Indonesia

Ni Nyoman Yuliarmi
Faculty of Economics and Business Udayana University,
Bali, Indonesia