

Financial Management of Government (State) Universities in Indonesia

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ABSTRACT

Government (state) universities as public services have to manage and control their fund because their fund is obtained from the community. Financial management of universities should be optimal, flexible, effective, efficient, and transparent. Government Universities should be independent from political and economical pressure, so that it can manage their fund autonomously to serve good education for the community. Indonesia has three forms of financial management that have been conducted by all state universities, which are (1) State University (PTN) with general state financial management (PTN Satker), (2) PTN with the financial management system of Public Service Board (PTN-BLU), and (3) PTN as legal entity (PTN-BH). The differences from PTN BH, PTN BLU, and PTN Satker are on the use of budget funds, financial reporting patterns, asset recognition, and tariff determination. These three forms of financial management should be used by each university as the most suitable ones. This research explores these three forms of financial management and perform their strengths and weaknesses.

Keywords: financial management, university budget, government university

1. INTRODUCTION

In public service institutions, which in fact manage state money or public money, require an optimal and flexible financial management system with emphasis on productivity, efficiency and effectiveness (Mahfiza, 2015). Higher education is a part of public service institutions. Based on the explanation of Government Regulation Number 26 of 2015, universities should be free from any influence, pressure, and contamination such as political power and / or economic power, so that the college tridharma can be implemented based on academic freedom and scientific autonomy. Therefore, by nature the university has autonomy or independence, both academic and non academic, including in terms of financial management.

According to Government Regulation No. 4 of 2014 on the Implementation of Higher Education and Higher Education Management, it is mentioned in Article 27 that

the pattern of State University management consists of: (1) State University (PTN) with general state financial management (PTN Satker), (2) PTN with the financial management system of Public Service Board (PTN-BLU), and (3) PTN as legal entity (PTN-BH). The determination and change in the pattern of financial management of PTN is conducted based on performance evaluation by the Minister to PTN. The evaluation is conducted by an independent team established by and responsible to the Minister. The determination of PTN-BLU is done by Decree of the Minister of Finance, while the determination of PTN-BH is done by Government Regulation.

Sebelas Maret University Surakarta is designated as PTN with the financial management system of public service agency from formerly PTN Satker, based on Decree of the Minister of Finance No. 52 / KMK.05 / 2009 issued on 27 February 2009.

The full BLU status received by UNS provides financial management flexibility to UNS at the Ministry of National Education, which is now the Ministry of Research, Technology and Higher Education, in accordance with Government Regulation No. 23 of 2005 on Financial Management of Public Service Bodies amended by Government Regulation Number 74 Year 2012. Currently, UNS is preparing itself to become PTN-BH. Differences in the status of PTN owned, as well as the pattern of financial management.

Based on the background set forth above, this study aims to conduct a comparative study of financial management between PTN-BH, PTN-BLU, and PTN Satker as the basic design of UNS financial management.

1.1 Formulation of the problem

Based on the above background, problem formulation can be formulated as follows:

How to compare the financial management of PTN-BH, PTN-BLU, and PTN Satker?

2. RESEARCH METHODS

2.1 Research Approach

The approach used by the authors in this study is a qualitative approach. Creswell (2016) defines a qualitative approach as a method for exploring and understanding the meaning which some individuals or groups of people are deemed to be derived from social or humanitarian problems. Qualitative approach is considered appropriate for use in this study because the writer can know how to look at the object of research in more depth.

2.2 Research Instrument

In qualitative research the researcher becomes a key instrument in data collection and interpretation (Creswell, 2009). The research instrument in this research is the researcher herself. The researcher collected data through documentation, Focus Group Discussion (FGD) and comparative studies. As a key instrument, researcher must understand the concept of the phenomenon to be studied, as well as understand the condition of participants who will serve as a source of data acquisition related to issues to be studied.

2.3 Research Subject

Subjects in this study are research participants who provide information about

the situation and condition of the research background. In this study participants are parties who have the capacity associated with the information required in data retrieval. This study provides a very big opportunity for participants so they avoid the biased objectivity conducted by researcher in which participants are only to answer questions with the choice of answers that have been prepared. Qualitative approach treats participants as research subjects and not as the object of research (Raco, 2010).

Subjects in this study are the leaders of Universities. The choosing of this subjects is using purposive sampling. Purposive sampling includes one type of nonprobabilistic sampling. According to Sekaran and Bougie (2013), the meaning of purposive sampling is the determination of a sample that is limited to certain types of people who can provide the desired information, either because they are the only ones who have such information, or they are in accordance with some criteria set by the researcher.

In qualitative research, the determination of the sample as the source of data on the proposal is still temporary, and will develop later after the researcher conducts FGD or direct observation to the field. With the selection of research subjects is expected to facilitate researcher in obtaining information about the problem under investigation.

2.4 Data Sources

In this study the author uses two types of data sources, namely:

Primary Data

Primary data is data collected directly by the researcher for the specific purpose of a study (Sekaran and Bougie, 2016). Primary data can also be interpreted as data obtained directly from research participants who have authority and knowledge related to the problem in this research. Using primary data in this research is aimed to get clear and in-depth information in accordance with facts that occur at the place of research.

Secondary Data

Secondary data is the supporting data obtained by collecting information from other sources related to the research. Secondary data of this research is obtained by reviewing some documents related to the implementation of PTN-BH, PTN-BLU, and PTN Satker in Indonesia that is through the Law and Government Regulation.

2.5 Data Collection Technique

The research was conducted by using Case Study (Fase Group Discussion (FGD) method on subjects as well as conducting comparative study and documentation on documents relating to the organization of PTN BH. Data collection techniques used in this study are:

Focus Group Discussion

Focus Group Discussion is a data collection technique where researchers conduct interviews with participants in a group (Creswell, 2009). In this study the researchers conducted FGD with leaders in the work area of Sebelas Maret University. FGDs can provide more in-depth information than other data collection techniques.

Library Studies

The author collects data based on the literature in the form of books, documents, or other records that have a relationship with research. In qualitative research, literature used as a source of data must be a reliable literature to support researchers in disclosing research problems.

2.5 Data Analysis Technique

Sugiyono (2016) explains one of the data analysis techniques that can be used in the field is the Miles and Huberman field analysis model. In the model analysis is done through three data analysis activities, namely:

Data Reduction

Data obtained from FGD results and comparative studies in qualitative research are quite numerous and complex. Therefore it is necessary to do data reduction. Data reduction is the process of selection, centralization, simplification, and transformation of data obtained from the field, so that data is more easily understood by the reader. Reduction of data can be done in various ways in accordance with the creativity of researchers. Researchers can group FGD results data based on certain categories or classes, so that later they are easier to be presented and understood by the reader.

Data Display

Presentation of data is the process of displaying data FGD results, interviews, observations, or literature studies with various forms, so as to facilitate the reader in understanding the information contained in the data. The presentation of data in qualitative research can be a brief description, chart, or in the form of a flowchart, and the like.

Drawing Conclusions (verification)

The final stage of data analysis by Miles and Huberman is to draw conclusions and verifications. The conclusions in qualitative research should be a new finding that has not previously existed. In addition, conclusions in qualitative research will sometimes answer research questions that have been delivered since the beginning, however sometimes they do not answer research questions either, but will lead to an opinion or new findings. This is because the formulation of problems that exist in qualitative research is temporary, and will grow when researchers are in the field.

3. RESULTS AND DISCUSSION

3.1 Financial Management at PTN-BH

State University of Legal Entity is a state university established by the government that has status as an autonomous public legal entity. This is in accordance with the provisions of Government Regulation No. 26 of 2015. In the Government Regulation it is explained about the form and mechanism of State University of Legal Entity (PTN-BH) funding.

The funding in PTN-BH can be acquired from two funding types, namely the state revenue and expenditure budget and other than state revenue and expenditure budget. Funding obtained from the state budget of income and expenditure can be provided in the form of funding assistance of PTN-BH and / or other forms in accordance with the provisions of legislation.

PTN-BH funding assistance is allocated in the state budget of revenues and expenditure each fiscal year at ministries conducting governmental affairs in the field of higher education. The assistance is part of a 20% education budget allocation that is recognized as an autonomously managed PTN-BH revenue rather than a non-tax state revenue. The value given in the aid can be used to fund operational costs, lecturer fees, educational personnel fees, investment costs, and development costs undertaken by the State College of Legal Entities. The funding of PTN-BH which is sourced from the state budget of revenues and expenditures provided in other forms, it is submitted in the form

of loans carried out in accordance with the provisions of legislation.

Funding of PTN-BH sourced from other than state revenue and expenditure budget, is derived from:

- 1) Society
- 2) Tuition Fees
- 3) Endowment Fund Management
- 4) PTN Legal Entity Business
- 5) Higher Education Tridharma Cooperation
- 6) Management of PTN Legal Entity assets
- 7) Regional income and expenditure budget
- 8) Loan

3. 2 Financial Management at PTN-BLU

Regulation of the Minister of Education and Culture No. 77 of 2014 article 1 describes the Public Service Agency, namely the institutions within the Ministry of Education and Culture are established to provide services to the public in the form of the provision of goods and/or services sold without prioritizing profit and in performing its activities based on the principle of efficiency and productivity. The same article also describes the Financial Management of Public Service Bodies, which is the management of finance that provides flexibility in the form of flexibility to apply healthy business practices to improve services to the public in order to promote the general welfare and intellectual life of the nation as an exception and the provision of state financial management in general.

Referring to Government Regulation No. 23 of 2005 Financial Management of Public Service Bodies, Universities implementing financial management of public service agencies are required to formulate a five-year strategic plan and an annual work plan and budget called the Business Plan and Budget (RBA). In preparing the five-year strategic business plan, the Public Service Board refers to the Strategic Plan of the State Ministry/Institution (Renstra KL). While in preparing the annual Business Plan and Budget (RBA), the Public Service Agency refers to the strategic business plan.

The annual RBA is structured on the basis of performance and cost accounting calculations by type of service. RBA The Public Service Agency is structured based on the needs and earning capabilities expected to be received from the public, other entities, and APBN/APBD. The Budget Business Plan (RBA) includes, among other things, the current BLU performance conditions, macro and micro assumptions, performance targets (measurable output), cost and output aggregate and cost estimates, budget estimates, and prognoses of financial statements.

The Public Service Agency (BLU) submits the Budget Business Plan (RBA) to the minister/agency head for discussion as part of the RKA-KL, work plan and budget of the institution. The proposed RBA is accompanied by a proposed minimum service standard and the cost of the output to be generated. RBA which has been approved by the minister/head of the institution shall be submitted to the Minister of Finance, in accordance with their authority, as part of the RKA-KL, work plan and budget. The Minister of Finance shall in accordance with his authority to review the cost and budget standards of BLU in the framework of RKA-KL processing, work plans and budgets.

RBA BLU is used as a reference in preparing the BLU budget implementation document to be submitted to the Minister of Finance in accordance with its authority. The BLU budget execution documents should include at least the following:

- a. all revenues and expenditures,
- b. projected cash flow
- c. quantity and quality of services and / or goods to be produced by BLU.

The budget execution document approved by the Minister of Finance/PPKD, in accordance with its authority, becomes the basis for the BLU to withdraw funds originating from the APBN. BLU reserves the right to withdraw funds periodically by the amount (mismatch) between the amount of available cash plus the expected cash inflows with the projected amount of expenditure, by issuing a Pay Order (SPM).

Accounting, reporting, and financial accountability of public service agencies are also regulated in Government Regulation No. 23 of 2005 Financial Management of Public Service Bodies. BLU implements a financial management information system in accordance with the needs and sound business practices. Every BLU financial transaction must be accounted and its supporting documents are managed in an orderly fashion. BLU accounting and financial statements are conducted in accordance with the Financial Accounting Standards issued by the Indonesian accounting profession association.

According to the Indonesian Institute of Accountants (IAI) The financial statements describe the financial impact of transactions and other events classified into several major groups according to their economic characteristics. BLU's financial statements include at least the budget realization reports / operational reports, balance sheets, cash flow statements, and notes to the financial statements, along with reports on performance. However, over time, the rules on financial reporting in government agencies change from the cash basis to cash basis to accrual up to fully accrual basis. Universitas Negeri Jakarta as one of universities that adopt BLU financial management should develop their own accounting system as requirement of BLU system (Pahala et. al, 2016).

3. 3 Financial Management at PTN Satker

State Universities Satker also commonly referred to as State Universities with the pattern of state financial management in general. In the current reporting of State Universities refers to Government Regulation No. 71 of 2010 on Government Accounting Standards. In the regulation there are seven components of financial statements, namely:

1. Budget realization report
2. Reports of excessive budget balance changes (SAL)
3. Balance
4. Statement of cash flows
5. Operational Report
6. Statements of changes in equity
7. Notes to the financial statements

4. CONCLUSION

State University of Legal Entity is a state university established by the government that has status as an autonomous public legal entity. Funding in PTN-BH can be sourced from two funding, namely the state revenue and expenditure budget and in addition to the state revenue and expenditure budget. Funding sourced from the state budget of income and expenditure may be granted in the form of funding assistance of

PTN-BH and/or other forms in accordance with the provisions of legislation.

Public Service Agency, namely the institution within the Ministry of Education and Culture was established to provide services to the public in the form of the provision of goods and/or services sold without prioritizing profit and in conducting its activities based on the principles of efficiency and productivity. At the Public Service Agency, financial management is carried out in a flexible manner that is given the flexibility to apply healthy business practices to improve services to the public in order to promote the general welfare and intellectual life of the nation as an exception and the provisions of state financial management in general.

State Universities Satker also commonly referred to as State Universities with the pattern of state financial management in general. In its current reporting of State Universities refers to Government Regulation No. 71 of 2010 on Government Accounting Standards.

Differences from PTN BH, PTN BLU, and PTN Satker are on the use of DIPA funds, financial reporting patterns, asset recognition, and tariff determination. In spending on DIPA funds when there is an amendment to the RBA, the PTN Satker must make changes to the budget until the amendment is approved to allow for budget expenditure, whereas in PTN BLU can spend budget without having to wait for the budget change to be approved. In this case, universities included in the category of PTN BH can manage funds from the state budget revenue and expenditure more flexible compared with PTN Satker and PTN BLU.

BLU revenue is reported as PNBK, while the income of PTN Legal Entity is not a PNBK. In terms of asset recognition, assets acquired from PTN BH operations become PTN BH assets which are state assets which are separated, whereas at PTN BLU and PTN Satker all assets are recognized as state assets that must be consolidated in BMN. The tariff provision on PTN BLU is stipulated by the Minister of Finance based on the proposed BLU leaders by considering the continuity and development aspects of service, public purchasing power, just and fairness principles, and healthy competition, while PTN Legal Entity stipulates the tuition fee based on technical guidance of stipulated tariff by the minister. In the determination of tariffs, PTN Legal Entity shall consult with the minister by taking into account the economic ability of the student, the student's parents, or any other party financing the student.

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