

**Institutional Financial Management Analysis in Manado State University (UNIMA)**

**Freddy Semuel Kawatu<sup>1)</sup>, Ramon Arthur Ferry Tumiwa<sup>2)</sup>, Nova Christian Mamuaya<sup>3)</sup>,  
Merry Natalia Rumagit<sup>4)</sup>**

Universitas Negeri Manado<sup>1,2,3,4)</sup>

Correspondence Email: ramontumiwa@unima.ac.id

HP. 081340877067

**ABSTRACT**

The purpose of this study is to find out how are the financial management system and financial performance accountability at Manado State University (UNIMA).

The research method uses a quantitative analysis approach, and data collection with open interview and interview techniques.

The results of this study found that the level of suitability of the financial management system and the accountability of financial performance at UNIMA with the applicable theories and legislation (although there are still several factors that play a less optimal role include: a). Many financial management human resources are not in accordance with financial management expertise competencies, b). the accounting record system still combines manuals with computerization (only in the preparation of financial statements); c) unavailability of Financial Management Standards).

Keywords: financial management, good governance, performance accountability

**I. INTRODUCTION**

Central government policies, especially policies in managing state finances, must involve higher education institutions. Financial management for Higher Education is distributed based on the proportion of proposed Financial and Budget Plans (RKA) in the work units as users of the budget and expenditure, which are then accounted for in the financial statements. Furthermore, the RKA is referred to as the basis for the preparation of the periodic budget for the academic year which includes work programs at the level of universities, institutions, bureaus and technical implementation unit (UPT) as well as faculties and postgraduate programs as an elaboration of the Manado State University Development Master Plan (RIP).

One of the obstacles to implementation in the formulation of the budget in the form of RKA-KL and Budget Implementation Field List (DIPA) of UNIMA, most work units do not understand about the Guidelines and procedures for preparing and proposing activity programs. RKA-KL is a planning and budgeting document that contains programs and activities of a State Ministry / Institution and as an elaboration of the Government Work Plan and Work Plan of the State Ministry / Institution in one year and the budget needed to implement it.

This problem will not be too difficult, if each work unit has a commitment to implement it. Talking about the policy of higher education financial management is inseparable from the decentralization and autonomy policies of universities which are carried out by emphasizing the consequences of financial relations between the central government in this case the Ministry of Research, Technology and Higher Education with Higher Education concerned. The core changes that will be made include sharpening the essence of financial management in Higher Education in an implementation system that involves the elaboration of the rights and obligations of universities in managing public finances, including the mechanism for the preparation, implementation and administration, control and supervision, and financial accountability.

In order to support the realization of good governance of financial management, the work unit of UNIMA can be carried out professionally, openly and responsibly in accordance with the

applicable regulations. Higher Education Financial Management covers all planning, implementation / use, supervision and accountability activities. Higher Education Finance must be managed in an orderly, compliant, efficient, economical, effective, transparent and accountable manner with due regard to a sense of justice and level of decency; by observing Government Regulation No. 39 of 2007 concerning State Financial Management. Demands for the management of public money, are a major issue that must be carried out by university elements in realizing the goal of clean government, and good government management is the ability to control financial policies economically, efficiently, transparent and accountable.

The focus of financial management issues at UNIMA is as follows: 1) What is the mechanism or process of financial management in institutions (UNIMA) ?, 2) What is the system for recording and presenting financial statements in institutions (UNIMA) ?, 3) How is the mechanism for preparing accountability reports for financial performance in institutions (UNIMA) ?, and 4) How is the availability of human resources in financial management in institutions (UNIMA)?

The research objective was to find out how financial management and accountability of institutional financial performance at Manado State University (UNIMA).

## **II. LITERATURE REVIEW**

### **Public policy**

Howlett and Ramesh (1995: 11) states that the public policy process consists of five stages as follows: a) preparation of the agenda (agenda setting), which is a process so that a problem can get attention from the government; b) policy formulation (policy formulation), namely the process of formulating policy choices by the government; c) policy making (decision making), namely the process when the government chooses to take an action or does not carry out an action; d) implementation of policy (policy implementation), namely the process to implement policies to achieve results; e) policy evaluation, which is a process to monitor and assess the results or performance of the policy.

### **Higher Education Financial Management**

One important aspect in improving a university's budget performance is the problem of institutional financial management. For this reason, it is necessary to manage financial institutions that are able to control financial policies economically, efficiently, effectively, transparently and accountably. In achieving the vision and mission of Higher Education, financial budgeting and management is carried out with the basic principles of comprehensive and disciplined, accountability, honesty, transparency, flexibility, predictability, and informative.

The principles that underlie institutional financial management should always be held firmly and carried out by government officials, because basically people have basic rights to the government. Community rights according to Waluyo (2007) include the following:

1. Right to know, which is to know government policies, what decisions are taken by the government and the reasons for the policies and decisions.
2. Right to be informed which includes the right to be given an open explanation of certain issues that are public debate.
3. Right to be heard and to be listened which includes the right to be heard by their opinions and aspirations

Waluyo (2007) explained that the management of institutional finances was carried out by each Work Unit, as the budget user official. The duties of financial management officials are as follows: 1). compile and implement financial management policies; 2). draft the RKA-KL and the draft amendments to the RKA-KL; 3). carry out collection of single tuition income (UKT) stipulated in the regulations; 4). perform treasurer functions; 5). preparing financial statements which are the responsibility of implementing the RKA-KL

Management of government finance cannot be separated from the financial management system which includes three main cycles, namely: 1. Planning; 2. Implementation; and 3. Reporting and Accountability. (Waluyo, 2007). State financial management which is regulated in the manner in various regulations is certainly not separated from the general pattern or principle of financial management.

## **Financial Performance Accountability**

Accountability is one of the pillars of good government which is the responsibility of the government in making a decision for the public interest, in this case as the government's responsibility for the public service provided. Public accountability is the obligation of the trustee (agent) to provide accountability, present, report, and disclose all activities and activities that are the responsibility of the trustee (principal) who has the right and authority to ask for such accountability.

## **Relevant Research**

Relevant research that is used as study material in this study is as follows: Anwar and Pratolo (2012), stated that university fund management must be comprehensive budget transparency to the public based on the principles of fairness, accountability and honesty. Massy (in Silva: 2000) states that there are 3 (three) methods used to overcome financial management problems in achieving good governance university, namely: 1) Specific Responsibility System (SpRS), is a system that has the principle that a financial manager must be able to find his choice for spending and supervision of fund implementation; 2) Price as Regulator (PaR), is a financial control system that requires financial managers to be able to minimize the budget through a process of identification of authority and duties of each role in universities that determine specific needs. That is, in the financial management system, there must be parties who know the needs of every citizen in higher education, with the hope of optimizing output at low cost; 3) Overall Value of Outcomes (OVO), is a principle of financial management and the university governance system agreed that the value of responsibility for financial management lies in the results achieved. The evaluation used in this system includes the allocation of budgeting and the implementation of an activity or policy.

## **III. RESEARCH METHODS**

This research approach uses a descriptive qualitative approach, where researchers want to understand more deeply about information on institutional financial management and accountability for financial performance at Manado State University (UNIMA). Cresswell (2014) states that qualitative research is an approach to exploring and understanding meaning by a number of individuals or groups of people considered to come from social or humanitarian problems. Furthermore Sugiyono (2015) states that qualitative research methods are applied / used to examine objects in natural conditions; researchers as key instruments; sampling by purposive and snowball. The research strategy used is descriptive research; where the researchers describe the results of the analysis of financial management and performance accountability and the researchers explain systematically the facts presented, using their experience and experience of the parties involved in financial management and accountability for performance at UNIMA. Data collection techniques with interview techniques and open interviews with UNIMA financial management employees.

Data analysis techniques, adjusting to the method used by Sugiyono (2012) by following the steps are: (1) data collection, (2) data reduction, (3) data presentation, and (4) conclusion drawing.

## **IV. FINDINGS AND DISCUSSION**

### **Financial management system**

The financial management process at Manado State University is carried out with the following stages: a. The initial stages carried out in financial management were by holding a leadership meeting that brought together interested parties (Chancellor, Vice Chancellors, Faculty Deans, Heads of Institutions, Postgraduate Directors, Heads of Bureau and Head of Planning and Finance Unima). From the results of the leadership meeting, program / activity planning was made according to the needs and the policies decided; b. The following stages of the program / activity preparation process (in accordance with the form format), are prepared by each work unit; then submitted through discussion at the University leadership meeting and submitted to the senate session for approval.

If a particular activity program requires funds, the financial manager must make a

proposal for disbursement of funds. Proposal for disbursement of funds submitted by the head of the work unit to the Chancellor for approval. The financial management system of funds is available, and in submitting proposals for activities carried out by adjusting the University's needs at that time. And the submission of funds is only permitted for activities in accordance with the vision and mission of the educational institution; if the submission of proposals for disbursing funds that are not related to activities outside the vision and mission of the institution, will be rejected. The entire process of allocating funds at the Unima Institution is carried out with the university autonomy policies.

#### **System for recording and presenting financial statements**

According to the Head of Finance Section (FS), the accounting accounting system that applies at Manado State University, the tendency is still very simple, namely the cash flow accounting system. However, in accordance with Government Regulation Number 71 of 2010 concerning Government Accounting Standards, requires that an AkruaI-based SAP be presented in accordance with the Institution Accounting System (SAI) application format; and follow the mechanism or procedure of financial transactions to the preparation of financial statements.

Constraints in accounting records lie with technicians owned by Unima, not all of them have competencies that are in accordance with the fields or parts that are the responsibility of their performance; thus Unima still faces obstacles in the financial recording and reporting system. The financial reporting system that applies in Unima is transparent for several interested parties, while the student guardian is not given information related to financial report transparency.

For the update system of financial information data conducted by Unima, according to the time set. Financial information can be accessed by interested parties, because the information provided cannot be reached by all parties (Unima's online financial report system does not yet apply).

#### **Preparation and accountability report on financial performance**

According to the Head of Planning (SR), Accountability of financial performance is a manifestation of the obligation of a government institution to account for the success and failure of the implementation of the organization's mission in achieving the goals and objectives that have been established through a periodic accountability system.

For Unima, the financial performance is held every month once the financial activities are reported regularly through the application of the Monitoring and Evaluation System; and every year it is reported in the form of Government Agency Accountability Report (LAKIP).

In accountability as the rules apply, a standard that regulates financial management is necessary and for Unima institutions do not have financial management standards.

#### **Availability of human resources in financial management**

According to the Head of the Financial Administration Bureau (DT), the number of ASN financial managers at Manado State University was 25 people, the education level of most ASN was S.1 18 people (72%), S.2 2 people (8%) and SMA 5 people (20%) and with different educational backgrounds namely economics, state administration bachelor, education degree and law degree. But the quality of human resources is good, because the average ASN has sufficient skills and work experience.

Financial managers understand the main tasks and functions (TUPOKSI) as budget users and financial administration officials well. Financial managers know and most understand financial regulations related to financial statements. However, most ASN financial managers, are rarely included in financial technical training or guidance or in improving work skills and frequent mutations and rotations of employee work positions, so that the placement of employees is not in accordance with their field or competence. The availability of ASN workers, especially computer application technicians in the financial accounting department in Unima, is still limited.

**DISCUSSION**

**Identification of the UNIMA Financial Management System**

Based on the results of the above research, researchers can identify the financial management system that applies at Unima Institution. So far the financial management carried out is not optimal, this can be seen in the practice of the financial management system in Unima is still conventional and has not implemented according to the applicable laws and regulations. Besides, there are still some problems related to the ability of the resources they have.

According to Anwar and Protolo (2012), states that universities have a role as educational, teaching and innovation institutions. And related to universities is the organizer of academic excellence and university management including in terms of financing or financial management. Anwar and Protolo's opinion is very synonymous with financial management at Manado State University which has not been optimal and must be improved, arranged better so that it can achieve superior quality universities and become a Good University Governance.

Tayib and Hussain classify the University's financial management in several groups, namely: 1) Allocation of resources owned by the University; 2) The accounting information system used; 3) Financial management actors.

No.	Assessment Aspect	UNIMA Financial Management System
1	Allocation of Resources owned by the University: 1) Paying attention to aspects of costs and benefits. 2) Suitability of the budget submitted according to the University's vision and mission. 3) Evaluation System.	1) UNIMA's financial management system is still conventional and prioritizes the principle of need. 2) UNIMA only accepts budget submissions that support the University's vision and mission. 3) UNIMA's financial evaluation system is directly supervised by the Rector.
2	Accounting information system: 1) Use of computer application systems. 2) Reporting activities (accountability). 3) Financial information updates. 4) Transparency.	1) UNIMA still uses a manual recording system and for reporting using computerization. 2) Responsibility is carried out at the end of each activity. 3) Financial information, not always updated, unless there are budget revisions or financial reporting. 4) Transparency of financial reporting is still limited to internal Unima parties and external to the government, while in the student guardian stacholder has not been done.
3	Actors of Financial Management (suitability of financial manager competencies with assigned fields).	The competency of financial managers in UNIMA, not yet in accordance with the expertise assigned to a particular field.

**Suitability of Theory and Legislation on Financial Management at UNIMA**

The conditions of financial management in Unima are adjusted to the results of Tayib and Hussain's research, it can be seen from the 3 (three) aspects outlined in table 1. above, it does not describe the form of financial management that should be. Judging from the aspect of resource allocation that is still limited, and not as expected; Likewise the accounting information system used is still manual recording and only financial reporting systems that have used computerized systems; and technician employees who are owned are not in accordance with the expertise competencies they have (the results of interviews with Unima financial management

employees).

Compliance with Law Number 17 Year 2003 and Government Regulation Number 39 Year 2007 concerning State Financial Management, where financial management for Higher Education must be distributed based on the proportion of proposed Financial and Budget Plans (RKA) in work units as users of budget and expenditure, and accountable in the financial statements. Furthermore, the RKA is referred to as the basis for the preparation of the periodic budget for the academic year which includes work programs at the level of universities, institutions, bureaus and UPT as well as faculties and postgraduate programs as an elaboration of the Manado State University development plan (RIP).

One of the obstacles to implementation in the formulation of the budget in the form of RKA-KL and DIPA Unima, most work units did not understand about the guidelines and procedures for preparing and proposing activity programs. This problem will not be too difficult, if each work unit has a commitment to implement it. Besides, Unima does not have a standard "financial management standard". Talking about the policy of financial management of higher education, is inseparable from the decentralization and autonomy policies of universities which are carried out by emphasizing the consequences of financial relations between the central government in this case the Ministry of Research, Technology and Higher Education with the relevant Universities. The core changes that will be made include sharpening the essence of financial management in Higher Education in an implementation system that involves the elaboration of the rights and obligations of universities in managing public finances, including the mechanism for the preparation, implementation and administration, control and supervision, and financial accountability. The financial management of UNIMA is carried out in accordance with the applicable the statute and regulations. The Statute is the basic guideline for organizing activities that are used as a reference for planning, developing programs and implementing functional activities in accordance with the objectives of the relevant university, which contains the basis used as a reference for the development of general regulations, academic regulations and operational procedures in force in the relevant university.

Based on the research revealed by Massy (in Tayib and Hussain), there are 3 (three) methods that function to maximize good financial management in realizing UNIMA's Good University Governance, which are 1) Price As Regulator Method, this system applies to UNIMA's financial management there are still many problems, especially human resources that have competencies that are not in accordance with the assigned field; 2) Specific Responsibility Method, this system plays a very important role to determine the current UNIMA needs and needs in the future; 3) Overall Value of Outcomes Method, can be used by universities in this case UNIMA to maximize accountability in financial management.

Suitability of Government Regulation Number 29 of 2014, the implementation of performance accountability reporting is carried out once a year in the form of SAKIP (Government Institutional Performance Accountability System), but every month routinely reports financial activities and implementation of activities and PK funds in the SIMONEV application (Evaluation Monitoring Information System ) as well as quarterly reports made by the Finance Department regularly in the SAIBA application and annual reports in the form of Performance Reports (LK).

## **V. CONCLUSION AND SUGGESTIONS**

Financial management is a University management that is inseparable from all activities supporting the university's vision and mission.

The financial management system in UNIMA is not optimal, in the sense that not all indicators are carried out in accordance with regulations, where financial management is still conventional (manual system).

The level of suitability of the financial management system in UNIMA with the applicable theories and laws and regulations; however, there are still a number of factors that play a role that are less optimal and greatly affect the level of suitability; Factors that influence are: 1) there are still many financial management teams that are not in accordance with the expertise (financial management); 2) the accounting record system still combines manuals with computerization (only in the preparation of financial statements); 3) there are no financial management standards.

The financial management method proposed by Massy (in Silva), can be used to optimize financial management in UNIMA (the most appropriate method is price as regulator).

The suggestions of this research are: 1). UNIMA Institution, it is necessary to have a Guidelines and Standard Operating Procedure (SOP) on Financial Management. 2). Prioritize the use of computerized public financial accounting records (based on Information Technology Applications).

Based on the conclusions above, it is recommended: 1).UNIMA financial management, to be able to increase the role of the system and financial management standards in improving managerial performance. 2). There needs to be a commitment from the leadership of each work unit, related to planning and financial management well and responsibly in accordance with applicable regulations. 3). The availability of financial reports from the University (especially related to funds planned and realized by student trustees).

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