THE INFLUENCE OF BUDGETING BASED ON PERFORMANCE ON THE EFFECTIVENESS OF FINANCIAL CONTROL AND THE EFFECTIVENESS OF PERFORMANCE CONTROL AT TOMOHON CITY GOVERNMENT

Heince Rudy Nicky Wokas[1], Natalia Y. T. Gerungai[2]

[1,2]Accounting Program, Economics and Business Faculty, Sam Ratulangi University, Jl. Kampus Bahu, Manado City, 95115, Indonesia

Corresponding e-mail : heince_wokas@unsrat.ac.id

ABSTRACT

Budgeting based on performance is the answer to use as a tool for measuring and accounting for government performance. It is a method of budgeting for management to link any funding outlined in activities with expected outputs and outcomes, including efficiency in achieving results from those outputs. The purpose of this study is to know the budgeting based on performance on the effectiveness of financial control and effectiveness of performance control. The object of this research was conducted at local government work unit (SKPD) of Tomohon local government using simple regression analysis to know influence of budgeting based on performance to effectiveness of financial control and effectiveness of performance control from 14 service in Tomohon city. The results of this study support a causal relationship between budgeting based on performance with the effectiveness of financial control and effectiveness of performance control. It can be used as a tool to achieve effectiveness in financial control.

Keywords : budgeting based on performance, effectiveness of financial control, effectiveness of performance control

JEL Classification : H11, H53, H61

1.   INTRODUCTION

Along with the public sector management reforms marked by the emergence of the New Public Management (NPM) era, it has encouraged efforts to develop a more systematic approach to public sector budgeting. In Law Number 17 Year 2003 explained that as an instrument of economic policy, the budget serves to realize the growth and stability of the economy and equity of income in order to achieve the goals of the state. The objectives and functions of the budget need to be made clear regulation of the role of DPR / DPRD and the Government in the process of formulating and stipulating the budget as the elaboration of the basic rules as stipulated in the 1945 Constitution. The Government of Indonesia based on Law No. 32 and 33 of 2004, 17 Year 2003 on State Finance has established the use of performance-based or budgeting based on performance approach in the budgeting process. Budgeting based on Performance (ABK) is an approach in the preparation of a budgeting based on performance or work performance to be achieved. ABK allocates resources based on the achievement of measurable outcomes that can be specifically measured. Outcome is defined through a strategic planning process that takes into account the critical issues facing the institution, agency capabilities, and input from stakeholders.

Budgeting based on performance is defined as budgeting based on certain performance targets. Budgets are arranged according to the performance target load. That is, performance targets are fixed and the basis of budgeting. Budgeting is a financial plan that systematically shows the allocation of human resources, materials, and other resources. Various variations in the government budgeting system are developed to serve a variety of purposes including financial control, management plans, priorities for the use of funds and accountability to the public. Budgeting based on performance is the answer to use as a tool for measuring and accounting for government performance. Budgeting based on performance is a management budgeting method for linking any funding outlined in activities with expected outputs and outputs, including efficiency in achieving the outcomes of those outputs. Jones and Pendlebury (2000: 85) explain that, "Budgets provide important relationships between planning and control ". The role of planning is expressed in the form of input necessary to carry out the planned activity. The role of control is done by preparing the budget in a manner that clearly shows the input and resources allocated to individuals or departments to perform the tasks it is responsible for. Control can be done by comparing the budgeted results with the results obtained to ensure that the level of expenditure is not exceeded and the level of planned activity is achieved.

Tomohon City is formed from the division of Minahasa district. The purpose of this research is to know the influence of budgeting based on performance to the Effectiveness of Financial Control and Performance at Tomohon Government. The implementation of this research is conducted to examine the effect of budgeting based on performance on the effectiveness of financial control and effectiveness of performance control at Tomohon City Government. Based on the background that has been mentioned above, then the formulation of the problem in this research is, Is budgeting based on performance Effect on the Effectiveness of Financial Control and Performance at Local Government of Tomohon City.

2. LITERATURE REVIEWS
2.1. Theory of Bureaucracy

According to Mangkoesoebroto (2001), bureaucracy can be defined as the various departments dealing with the provision of services produced by the government. Each bureau is an organization that is not aimed at making a profit that is financed by giving a salary and not from selling the output it produces. Each bureau in performing its duties may work together (complementary) or compete in the use of scarce economic resources. There are many reasons why the government does bureaucracy. The bureaucracy in governance is done by bureaucrats. The bureaucrats in general terms are something that runs the bureaucracy to run according to the rules. The bureaucrats have the view that they merely do so because of the desire to serve the common good (Hindriks and Myles, 2004). The bureaucrats are trying to achieve what they want to be based on some of the most efficient ways to be done with no political interest or personal interests. This is a very idealistic picture as a servant of the community who in carrying out their duties is based on the devotion made by the bureaucrats to the State and done unconditionally. It has a reason to create a view of society that they are paid by people's money and done solely for the people. Such a view is likely to have a very difficult truth for ordinary people to accept that their bureaucrats are very obedient and submissive and by putting their personal interests aside. There are several assumptions that bureaucrats are in fact more selfish. According to Weber, the government has a very big role in achieving efficient allocation of economic resources. However, bureaucrats made up of many government organs do not carry out government functions without questioning government policy (Mangkoesoebroto, 2001). They are preoccupied with how they can maximize the utility or personal satisfaction they can. Keep selecting on the united menus and maximizing their personal affairs. And choose to dispose of the affairs that are their

responsibility as servants of the community. Because today is often encountered that when people need fast service, but they complicate and complicate so it takes a long time. Not to mention if the officer in charge of the service is not available for various reasons to cover the chaotic service (Hindriks and Myles, 2004). Niskanen argues that bureaucrats, like everyone else, are the ones who maximize their satisfaction, ie salary, number of employees, reputation, and social status. Since bureaucratic utility functions are related to the size of the budget, a bureaucrat who seeks maximum satisfaction also means the party that maximizes government budget. Because bureaucrats are not a neutral party to the government budgeting process. Therefore, bureaucrats tend to produce goods or services larger than they should be, resulting in inefficiency in the use of economic resources by the government (Mangkoesoebroto, 2001).

According to Hindriks and Myles (2004) the question of power can also be a daunting thing in the bureaucracy. Because with their power can do things that can affect the performance of public services. With intervention everything can be done without thinking of the subordinate or the main task of service. With such a highly influential position it can also provide them with more income, as financial management is entirely the responsibility of the duty-in-charge. But it has many difficulties because of the role of those who serve as community servants who have full dedication to the community, except for individuals who are in the private sector only for the benefit of their organization which is entirely to generate income. So the bureaucrats do not pursue income but services that can be maximum. In a very complex bureaucratic theory it can include many factors that can affect utilization such as patronage, power and reputation. So bureaucrats can be modeled as the goal to maximize the size of the bureau in order to gain substantial non-monetary benefits and the consequent is the government's enormous power and even excessive. Because excessive power can lead to excessive intervention as well. So that the main task of maximum service can decrease even abandoned.

Figure 1: Determining Output by Bureaucrats
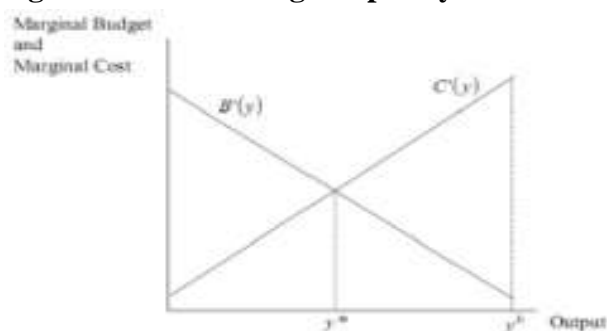
Source: Hindriks and Myles (2004)

Based on Figure 1 the optimal output is where the budget area is equal to the cost area. But a bureaucrat will tend to produce an output greater than the optimum output. This can happen because the bureaucrats have great influence and power because they have wide open and accurate access to information about benefits and costs. And also have extensive skills and abilities in various fields to use discretion in the making of rules. So when bureaucrats propose a budget, then bureaucrats will propose a larger budget than the soda is the optimal level of output. Bureaucrats can take consumer surpluses and divert them to greater production (Mangkoesoebroto, 2001). Therefore by having many great powers, bureaucrats should be able to maximize their primary task for the state.

Pursuing personal goals by bureaucrats can lead to excessive size for its bureaucracy. Moreover, if it is very excessive then there will be inefficiency that ultimately does not

produce adequate value because the money or funds have been spent by the bureau in question. According to Jackson in Mangkoesoebroto (2001), that bureaucratic utility functions not only maximize their satisfaction by maximizing the budget, but more complex than that. Bureaucrats also have satisfaction in serving the community or performing duties for the public interest. Because in reality money or funds are limited, so bureaucrats must be able to manage and optimize their utilization efficiently. In determining the budget, the government will set a budget determined every year discussed in the cabinet meeting. In this meeting it will receive budget proposals from each department and allocate the central budget on the basis of this cabinet meeting. So it will then be able to determine how the department's budget can evolve over time based on future needs and priorities.

2.2. Local revenue and expenditure budget

Regional Budget (APBD) is prepared based on performance approach that is budget system that prioritize effort achievement of work result or output from planning of cost / input determined (PP No. 58 Year 2005). In preparing the draft APBD, the Regional Government together with the Regional People's Legislative Assembly (DPRD) to formulate the general policy of APBD is basically the achievement of the vision, mission and objectives set forth in the Regional Medium-Term Development Plan (RPJMD) or the period of 5 (five) years and the regional head program whose preparation is guided RPJMD with due regard to the National Medium Term Development Plan (RPJMN) and the minimum assessment standards set by the Government.

APBD is an annual financial plan of local government that is discussed and approved jointly by local governments and DPRD, and established by local regulations. APBD is prepared in accordance with the needs of governance and local revenue capability. Regional revenue consists of local revenues and regional financing receipts. Regional Revenue is a rationally measurable estimate that can be achieved for each source of income. While Financing Receipts are all receipts that need to be paid back both in the budget year in question and in subsequent budget years. In the preparation of regional budgets all local revenues and regional financing are bruto budgeted. Structure of APBD is a unity consisting of regional income, regional spending and regional financing.

2.3. Budgeting based on performance

Mardiasmo (2004) points out, "The performance budget system is basically a system that includes programming activities and performance benchmarks (indicators) as instruments to achieve program objectives and goals". Robinson (2002) points out, "Performance budgets are not only related to financial control but also provide a key instrument for maximizing efficiency and effectiveness in providing public services to the public." The achievement of desired results is outlined in performance indicators that serve as a reference for budgeting. Clarity of budget objectives detailed in performance targets and indicators will help the organization manager or budget manager to control performance in order to achieve the expected performance. Performance-based budgeting is a method of budgeting for management to link any funding outlined in activities with expected outputs and outcomes, including efficiency in achieving results from those outputs. These outputs and outcomes are outlined in performance targets for each work unit. While how the goal was achieved, poured in the program, followed by financing at each level of goal achievement.

Budgeting based on performance program are defined as policy instruments that contain one or more activities to be implemented by government agencies / institutions to achieve goals and objectives, and obtain budget allocations or community activities coordinated by government agencies. The activity is structured as a way to achieve annual performance. In other words, the integration of the annual work plan which is the operational plan of the Strategic Plan and the annual budget is a component of a performance-based budget. The elements that are important to consider in performance-based budgeting are: (1)

the agreed objectives and measures of achievement; (2) collection of systematic information on the realization of performance achievement reliable and consistent, so that can be compared between the cost with the achievement; and (3) provision of information continuously so that it can be used in planning, programming, budgeting and evaluation management.

2.4. Relationship between budgeting based on performance with the effectiveness of financial control and performance

Jones and Pendlebury (2000) explains, "Budget controls relate to efforts made to actual expenditures in line with the budgeted amount and that the objectives and levels of activity included in the budget are achieved". Syakhroza (2002) says, "Achieving budgetary targets plays an important role because budgets describe standards of effectiveness and efficiency". The budget describes the effectiveness standards because it contains a set of desired outputs and efficiency standards because the budget details the inserts required to produce the desired output. Thus, the effectiveness of financial control in budgeting is the achievement of budget expenditure in accordance with its plan. Budgeting is a financial plan that systematically shows the allocation of human resources, materials, and other resources. Various variations in the government budgeting system are developed to serve a variety of purposes including financial control, management plans, priorities for the use of funds and accountability to the public. Budgeting based on performance is the answer to use as a tool for measuring and accounting for government performance.

The budget prepared with a performance approach prioritizes the effort of achieving the output (outcome) of the planned allocation of costs or inputs that have been set. The results of his work should be equal or greater than the cost or input that has been set. In addition, it should be able to cultivate professionalism of work in every work-related organization. Akhmad Guntar (2008), "The effectiveness of what it means to be done is indeed the thing that needs to be done, and also how the quality of output from its work output". Achieving targets here can be expressed as an objective index of corporate effectiveness. That is, it is not enough for a company to reach a certain level of production, the quality and cost of production itself also needs to be considered. If the cost of production increases due to the amount of fuel used, and the quality is poor so additional work is required, then the achievement of those targets does not reflect the effectiveness of the company. Agung Sugih Arti (2007) in his research entitled "The Influence of Performance-Based Budget Implementation on Accountability of Depok City Education Office", taking samples conducted by purposive sampling method, that is the selection of non probability samples that meet certain considerations. Research respondents are local government officials at the Depok City Education Office as well as stakeholders related to public service of Depok City Education Office such as DPRD members, Principals and Education NGOs. The number of respondents in this study were 80 respondents. Based on data analysis, the result of this research is that the application of budgeting based on performance especially the efficient and effective variables affects the accountability of budget management at the Depok City Education Office. The application of budgeting based on performance to the efficient variables has a more significant effect on accountability than the effective variables. Meanwhile, the implementation of budgeting based on performance on economic variables has no significant effect on the accountability of the Depok City Education Office. Equation with research conducted by writer is on independent variable (independent), whereas difference lies in dependent variable (dependent) and object of research.

Hindri Asmoko (2006) "The Influence of budgeting based on performance to Control Effectiveness". In his research exploit and develop the relationship and influence of PBB on the effectiveness of controls at the Regional Government of Klaten Regency and Sragen Regency. "Effectiveness of control is the goal to be achieved from the function of the budget

as a means of control" (Kenis, 1979; Mardiasmo, 2004). The sample of this research is government officials in local government institutions consisting of agencies, offices, and offices. The research data was collected from two local governments namely the Government of Klaten Regency and the Government of Sragen Regency, Central Java Province. Method of taking data is done by purposive sampling method through survey. The research variables consist of performance-based budgeting, effectiveness of financial control, and effectiveness of performance control. Hypothesis testing is done by using regression analysis. Test results show that budgeting based on performance has a positive effect significantly to the effectiveness of financial control and effectiveness of performance control. This shows the correlation coefficient (R) between the PBK variable and the control effectiveness variable is 0.643 with a significant p value of 0.000 or $p < 0.05$. These results show that the CPC variables are positively correlated with the control effectiveness variables. Equations with research conducted by the authors lies in independent variables (independent) and dependent variables (dependent), while the difference lies in the object of research. Based on the reviews then the hypothesis of this study are as follow:

H01 : Budgeting based on performance has no effect on the effectiveness of financial control of SKPD in Tomohon City.

Ha1 : Budgeting based on performance has a significant positive effect on the effectiveness of financial control in SKPD in Tomohon City.

H02 : Budgeting based on performance has no effect on the effectiveness of performance control in SKPD in Tomohon City.

Ha2: Budgeting based on performance has a significant positive effect on the effectiveness of performance control in SKPD in Tomohon City.

3. RESEARCH METHOD
3.1. Data

The type of data used in this study is qualitative data that quantitative by using Likert scale obtained from the written response (questionnaire) to the State Civil Service (ASN) in SKPD Tomohon. Sources of data in this study is through primary and secondary data. Primary data were obtained through interviews, observations, and distribution of questionnaires to respondents, in this case the leadership and staff of the State Civil Service (ASN) in SKPD Tomohon. Population in this study is the leadership and the whole SKPD staff planning and finance in Tomohon City.

3.2. Sample

Sampling in this research is done by purposive sampling method, that is the selection of non-probability samples that meet certain considerations (Cooper and Schindler, 2001). These considerations are the respondents of the research who are the chief and the planning and finance staff with the number of respondents 40. The considerations that can be sampled are as follows: (1) respondents aged above 17 years and less than 56 years old; (2) preferably who have S1 education level for accurate thinking; and (3) have a structurally responsible planning, also directly involved in the preparation of the budget and have positions in accordance with the ability that are hold office as head of service, hold office as secretary of service, holding the position of head of the field, holding a position as head of sub-section, and holding the position of head of section. This sampling is used in order to better meet the representative of samples taken from the population.

3.3. Method of analysis

The method of analysis used in this research is simple linear regression analysis. Simple linear regression analysis is a linear regression that uses only two variables used to determine whether there is influence of variable X to Y, by using general pattern of simple regression equation that is: $Y = \alpha + \beta X$. Using the following procedure:

$$Y1 = \alpha + \beta X \qquad\qquad\qquad (1)$$

where,

X is budgeting based on performance variable

Y is variable effectiveness of financial control

α is constant number

ß is regression coefficient

$$Y2 = \alpha + \beta X \qquad\qquad\qquad (2)$$

where,

X is variables of budgeting based on performance

Y is variable effectiveness of performance control

α is constant number

ß is regression coefficient

Variables used in this research are as follows:

1. Variables (X) is a budgeting method variable based on performance targets to be achieved in the budget. This variable is measured using 6 items of questionnaires question with likert scale 1 (strongly disagree) up to 5 (strongly agree).
2. Variable Effectiveness of Financial Control (Y1), is variable of effectiveness of budget achievement compared with budget and effort done to achieve effectiveness of budget control. The effectiveness variable of financial control is measured using 7 items of questionnaire question with likert scale 1 (strongly disagree) up to 5 (strongly agree).
3. Variable Effectiveness of Performance Control (Y2) is a variable of effectiveness of performance achievement compared with budget and effort made to achieve effectiveness of performance control. The effectiveness variable of performance control was measured using 8 items of questionnaire question with likert scale 1 (strongly disagree) up to 5 (strongly agree).

4.   RESULTS AND DISCUSSIONS
4.1.   Results

The respondent in this research is Civil Servant of Tomohon City. Sampling in this research is done by purposive sampling method, that is the selection of non-probability samples that fulfill certain considerations (Cooper and Schindler, 2001). This consideration is the respondent of research who is the leader and staff of Tomohon City with 40 respondents. The number of questionnaires distributed was 40 questionnaires, and all has returned. The questionnaire was distributed directly by the researcher to the respondent. Two weeks after being sent, the questionnaire was taken back by the researcher or courier. The sending and retrieving the questionnaire was done directly by the researcher or the courier aims to obtain a high rate of return questionnaire. Dillman in Cooper and Schindler (2001) suggests that the return of 100% questionnaire is considered satisfactory. Table 1 presents the criteria of the respondents. Table 1 presents that gender of respondents consists of 26 men with a percentage of 70% and women as many as 14 people with a percentage of 30%.

Table 1. Criteria of respondents by sex

Sex	Amount (People)	Percentage (%)
Man	26	70
Woman	14	30
Amount	**40**	**100%**

Source: Processed data 2017

Table 2 presents that the age of respondents <20 years as many as 2 persons with a percentage of 5%, 20-35 years as many as 16 people with a percentage of 40% and> 35 years as many as 22 people with a percentage of 56.7% .

Table 2. Criteria of respondents by age

Age Range	Amount (People)	Percentage (%)
< 20 years old	2	5
20-35 years old	16	40
> 35 years old	22	55
Amount	**40**	**100**

Source: Processed data 2017

Table 3 presents that the level of Diploma education as much as 8 people with a percentage of 20%, education level S1 as many as 27 people with percentage of 67% and S2 education level as many as 5 people with a percentage of 12.5 %%.

Table 3. Criteria of respondents by level of education

Level of Education	Amount (People)	Percentage (%)
Senior High School	-	0
Diploma	8	20%
S1	27	67.5%
S2	5	12.5%
Amount	**40**	**100%**

Source: Processed data 2017

Table 4 presents that the position of Secretary of the Department as much as 1 person with a percentage of 2.5%, the position of Head of Division as many as 10 people with a percentage of 25%, the position of Head of Sub Division as many as 14 people with a percentage of 35% and the position of Head Sexy as many as 15 people with a percentage of 37.5%. To ensure the quality of data to be processed, first tested the validity and reliability, the test of validity with a significant level of 5% of the number of respondents as many as 40 people.

Table 4. Criteria of respondents by position

Position	Amount (People)	Percentage (%)
Hold office as head of service	0	0
Hold office as secretary of service	1	2,5
Holding the position of head of the field	10	25
Holding a position as head of sub-section	14	35
Holding the position of head of section	15	37,5
Amount	**40**	**100%**

Source: Processed data 2017

Table 5 presents the critical number of r table (table r product moment) where it obtained 0.361. Table 5 also shows that the results of validity testing of all variables can be seen that Corrected Item-Total Correlation of all item statements declared valid or greater than the correlation value of at least 0.361.

Table 5. Validity test of variables X, Y1 and Y2

Variable	Item	r_{hitung}	Information
Budgeting based on performance variable (X)	P1	0.674	Valid
	P2	0.750	Valid
	P3	0.864	Valid
	P4	0.524	Valid
	P5	0.692	Valid
	P6	0.544	Valid
Effectiveness of financial control variable (Y1)	P1	0.796	Valid
	P2	0.694	Valid
	P3	0.734	Valid
	P4	0.439	Valid
	P5	0.774	Valid
	P6	0.766	Valid
	P7	0.611	Valid
Effectiveness of performance control variable (Y_2)	P1	0.831	Valid
	P2	0.717	Valid
	P3	0.784	Valid
	P4	0.834	Valid
	P5	0.667	Valid
	P6	0.640	Valid
	P7	0.533	Valid
	P8	0.685	Valid

Source: Processed Data 2017

Table 6 presents that the items of measurement on each indicator for research variables are declared to be reliable and / or consistent, and further analysis is possible, since they all lie between 0.60 to 0.80 then the reliability level is reliable.

Table 6. Test reliability variables X, Y1 and Y2

Variable	Alpha	Reliability
Pro budgeting based on performance variable (X)	0,755	Reliabel
Effectiveness of financial control variables (Y_1)	0,816	Reliabel
Effectiveness of performance control variable (Y_2)	0,857	Reliabel

Source: processed data 2017

Table 7 presents descriptive statistics, where : (a) budgeting based on performance variables (X) has average calculation for 23,175 and deviation standard 3,775 which indicates that respondents have a good knowledge of budgeting based on performance. All data is good, there is no missing data because the analyzed amounted to 40 respondents; (b) the dependent variable of financial control effectiveness (Y1) obtains an average count of 28,175 and its deviation standard 4,012 which indicates that with knowledge of high and good financial control. All data is good, there is no missing data because the analyzed amounted to 40 respondents; and (c) the dependent variable of performance control effectiveness (Y2) earns an average count of 33.90 and its deviation standard is 3.311 which indicates that with the knowledge of performance control is quite high and good enough. All data is good, there is no missing data because the analyzed amounted to 40 respondents.

Table 7. Descriptive statistics

	Mean	Std. Deviation	N
Y1	28.1750	4.01208	40
Y2	33.9000	3.31121	40
X	23.1750	3.77500	40

Source: data processed, 2017

Unreported results, the test of data normality is done in various ways, among others, can be seen in the normal picture p-p plot normal regression standardized residual where the distribution of data follows the direction of the diagonal line. This means that all free variables are normally distributed. Also, the test of heteroscedasticity can be seen on the scatterplot chart of all the variables used there is no particular pattern, the existing dots do not form a certain pattern regularly. Thus in this model there is no heteroscedasticity or said to be free of heteroscedasticity.

Table 8 shows the results on regression model 1 where :

Y1 = 8,211 + 0,861X

The constant of 8.211 and positive values gives the understanding that if the effectiveness of the perceived or constant control of the financial control is zero (0), then the amount of performance-based budgeting is 8.211 units. Furthermore, the value of β which is the regression coefficient of the variable X (budgeting based on performance) of 0.861 and the positive value has meaning with the variable of effectiveness of financial control or have positive direct relationship, can be interpreted if budgeting based on performance (X) has increased will lead to direct changes to the effectiveness of control finance (Y1). assuming other variables are constant or constant. The t test result shows that t calculation for budgeting based on performance = 8,531 and significant then H01 rejected Ha1 accepted which means that variable of budgeting based on performance have significant and positive effect to effectiveness of financial control.

Table 8. Simple linear regression test on Model 1

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.211	2.370		3.464	0.001
	ABK	0.861	0.101	0.811	8.531	0.000

Source: processed data 2017

Also, the correlation coefficient (R) generated between budgeting based on performance variables (X) and the effectiveness of financial control (Y1) is 0.811. between the variables X and Y1 there is a very strong or perfect positive relationship. The value of the coefficient of determination (R2) of 0.657 or 65.7%. meaning effectiveness of financial control influenced by budgeting based on performance equal to 65,7% while 34,3% explained by factors or other variable outside this research.

Table 9 shows the results on regression model 1 where :

Y2 = 16,149 + 0,766X

The constant α of 16,149 gives the understanding that if the effectiveness of performance control perceived is constant or equal to zero (0), then the amount of budgeting based on performance is 16,149 units. Furthermore, the value of β which is the regression coefficient of variable X (Performance Based Budgeting) of 0.766 and positive value means the variability of the effectiveness of performance control (Y2) or has a positive directional

relationship, can be interpreted if budgeting based on performance (X) effectiveness of performance control (Y2). assuming other variables are constant. From t test result known t calculation for budgeting based on performance = 11,047 and significant then H02 rejected Ha2 accepted which means that budgeting based on performance variables have a significant and positive influence on the effectiveness of performance control.

Table 9. Simple linear regression test on Model 2

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.149	1.628		9.922	0.000
	ABK	0.766	0.069	0.873	11.047	0.000

Source: processed data 2017

Also, the correlation coefficient (R) generated between budgeting based on performance variables (X) and the effectiveness of performance control (Y2) is 0.873. between the variables X and Y2 there is a very strong relationship. The value of the coefficient of determination (R2) of 0.763 or 76.3%. meaning the effectiveness of performance control influenced by budgeting based on performance factor equal to 76,3% while 23,7% explained by factors or other variable outside this research.

4.2. Discussions

The Influence of Performance-Based Budget to the Effectiveness of Financial Control. Based on the results of budgeting based on performance hypothesis testing affect the effectiveness of financial control this is caused when the budget planning done with both targeted and measurable, the better and directed financial control. Because basically budgeting based on performance can not be separated from the cycle of planning, implementation, reporting / accountability of the budget itself. The strategic plan outlined in the annual targets is ultimately constantly evaluated and improved. Budgeting based on performance is used as feedback in the overall strategic plan. Thus, when the reporting / accountability of the budget is done better or bigger, the greater the effectiveness of financial control of government agencies and impact on budget reporting/accountability in accordance with the established rules of Government Regulation No. 71 of 2010. In Concept Statements No.1 also emphasizes that government financial reports should be able to assist users in making economic, social and political decisions by comparing actual financial performance with budgeted, assessing financial condition and results, helping to determine the level of compliance with relevant legislation with financial problems and other terms. In line with the spirit of regional autonomy, Kurrohman (2013) states the performance of the measured regions through the ability of the regions to organize and manage their own households. This means that finance is an essential factor in measuring the level of regional capability in implementing its work program. Local governments are expected to be able to use local budgets and expenditures economically, efficiently and effectively. The results of this study are in line with research conducted by Nurhayati and Irmadariyani (2016), Haspiarti (2012), Kurrohman (2013).

The Influence of Performance-Based Budget to the Effectiveness of Performance Control. The results of the budgeting based on performance hypothesis test affect the effectiveness of performance control, the effectiveness of performance control needs to be supported by the implementation of budgeting based on performance that shows the efficiency and effectiveness needed in the management of resources well expected by the community and create good accountability to the community. Effectiveness of control is the goal to be achieved from the budget function as a control tool (Kenis, 1979; Mardiasmo,

2004). Good budget planning is the foundation in determining success or failure in an organization or agency. Performance budget is basically a system of preparation and management of local budget oriented to the achievement of results or performance, The performance reflects the efficiency and effectiveness of public services, which means oriented to the public interest (Mardiasmo, 2002: 105). Budgeting based on performance is designed to create efficiency, effectiveness and accountability in the utilization of public budget with clear output and outcomes in accordance with national priorities so that all budgets issued can be accounted transparently to the public at large. Applying the budgeting based on performance will also improve the quality of public services, and reinforce the impact of improved public services in Kurrohman (2013). The result of this research is in line with Asmoko (2006), Kurrohman (2013).

5. CONCLUSION

Based on discussions then it can be concluded that: (1) the variables of budgeting based on performance have a positive and significant impact on the effectiveness of financial control; and (2) budgeting based on performance variables are significant to the effectiveness of performance control. The results of this study support a causal relationship between budgeting based on performance with the effectiveness of financial control and effectiveness of performance control. Budgeting based on performance can be used as a tool to achieve effectiveness in financial control. In addition, the clarity of targets and performance indicators that become the reference in preparing the budget in the ABK, then ABK can also be used as a tool to achieve effectiveness in performance control. The expected research implications of this research are: (1) the government of Tomohon City need to increase the application of ABK, increase the application of crew can be used as a tool for the government officials of Tomohon City to achieve the effectiveness of controlling both the effectiveness of financial control and the effectiveness of performance control; and (2) future research is expected to further deepen the analysis of the relationship and influence of ABK on the effectiveness of control.

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