# PERCENTAGE DISTRIBUTION OF BUDGETING POST AS A DEPARTMENT PERFOMANCE INDICATOR

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## Abstract

*Concern Institut Teknologi Sepuluh Nopember toward world class university, needs reliable management information system for financial management information. It helps to control system and give feedback data needed by top management. Financial management being a very important factor,because university perfomance can measured one of trough the percentage of disbursment and its distribution. In comparing with the established department, the new one has different disbursment.This paper will study the ideal percentage of budgeting post as indicator of department's perfomance trough budgeting management and information management. Commonly budgeting post splits into 5 principal, those are capital expenditure, routine expenditure, learning process expenditure, department development (research and cooperation), andalso repair - maintenance. For the new department 72% of total budget are used for department's capital expenditure, yet that precentage decrease every year. For learning process expenditure and development posted at 6% and 2% from total budget, that increase every year from the beginning. Routine expenditure and operation and maintenance posted at 7% and 13% from total budget. Methodology used in this study is a qualitative approach, and data analysis was done with descriptive analysis technique. Information system can indicate the change of budgeting post effective each month till year, so departement's performance will be known. This study result indicate that in established department the ideal post from total budget used  15% for capital expenditure, 37% for routine expenditure, 16% for learning process expenditure, 10% for development, and 22% for operation and maintenance.The cycle at disbursment depend ontechnical lifetime of a learning/ laboratory equipment and also the scale of organisational development. So, reliable management sytem is a must.*

*Keywords: budgeting,department performance, information system,management.*

## BACKGROUND

Budget definition according to Munandar (2001) is "A plan drawn up systematically, which covers all activities of the company, which is expressed in units and valid within certain periode". Meanwhile, according to Glen A Welsch (2000) budget is "Profit planning and control may be defined as broadly as sistematic and formalized approach for accomplishing the planning, coordinating and control responsibility of management". From the above statement, the budget can be related to the basic functions of management, which includes planning, organizing, managing, and monitoring.

Budgets are usually used by companies for planning their long-term profits, while at universities such as Institute Teknologi sepuluh Nopember (ITS) using budget as a tools to achieve their mission.

The mission of ITS is the management of the institution implemented with the principles of good governance include transparency, accountability, responsibility, independent, and fair. To realize that mission there must be a good management

Management is a process of getting things done, related to the achievement of objectives (Ernie dan Kurniawan, 2005). Process management includes planning, organizing, implementing, and monitoring. Planning make the implementation process done as efficiently and effectively as possible, so that the target / goal to be achieved can be obtained maximum. Organizing ensure there is separation of functions and authority in the implementation process. Monitoring ensure the final target will be obtained maximum.

Performance management is also should be done by management for knowing whether the target which must be achieved already reach out the standard. If the standard not reached 100% yet, then the performance is not already done maximally, and it should known the case and solution.

Performance in universities can be measured through the percentage of budget absorption. When budget can be absorbed 100% then the performance of that universities is very good. When there are still remaining funds which is not absorbed yet, then it can be said that the performance of that university is not maximal yet.

A manager certainly need the tools for carry out management functions, either for manage information, or making decisions and taking risks. It need integrated and reliable information system, so that top management can improve the performance.To carry out the management function optimally ITS already using management information system for financial management.

Financial management information system in ITS it's including submissions the plan of budgeting expenditure, expenditure transactions, daily cash books, journals, ledgers, and financial report.


## DATA AND DISCUSSIONS

To achieved performance 100%, then the absorption of the budget should also reach out 100% as well. Budget should made appropriate as with needs and targets which wanna be achieved. ITS divided post budget into 5 major posts, there are capital expenditure, routine expenditure, learning process expenditure (academic), development, repair and maintenance.

Table 1.

Budgeting Post Classification

| No | Budgeting Post | Components |
|----|----------------|------------|
| 1. | Capital expenditure | a. Office equipment<br>b. Laboratory equipment |
| 2. | Routine expenditure | a. Operational<br>b. Telephone<br>c. Salaries and overtime freelance workers<br>d. Eco campus<br>e. Office stasionery<br>f. Sport activities<br>g. Duplication and delivery documents<br>h. Household equipment<br>i. Consumptions<br>j. Promotion |
| 3. | Learning process expenditure (academic) | a. Laboratory materials<br>b. Assistant wages<br>c. Student activities<br>d. Student practicum outside of department |

| | | e. Lecturer salaries |
|---|---|---|
| 4. | Development | a. Official trip<br>b. Organizational membership fees<br>c. Website and management information system<br>d. Research<br>e. Community service<br>f. Lecturer and staff course |
| 5. | Operation and maintenance | a. Repair<br>b. Maintenance |

Objects in this study is Geophysical Engineering Department, which was recently established in 2012, at the Faculty of Civil Engineering and Planning ITS. As a standard/ indicator of performance improvement department, we used the financial data of Environmental Engineering Department.

Environmental Engineering Department selected as benchmarks established department, because the budget distribution Environmental Engineering tend to be stable and not too fluctuating in the change of distribution budget each year, compared with the other departments in the Faculty of Civil Engineering and Planning. Distribution of Environmental Engineering budget can be seen in Table 2.

Table 2.

Distribution of Environmental Engineering Department Budget

| Budgeting Post | 1ˢᵗ Year (2012) | 2ⁿᵈ Year (2013) | 3ʳᵈ Year (2014) | 4ᵗʰ Year (2015) | 5ᵗʰ Year (2016) | Average |
|---|---|---|---|---|---|---|
| Capital expenditure | 14 % | 6 % | 23 % | 14 % | 16 % | 15% |
| Routine expenditure | 40 % | 61 % | 38 % | 20 % | 27 % | 37% |
| Learning process expenditure | 10 % | 8 % | 9% | 19 % | 35 % | 16% |
| Development | 13 % | 12 % | 15 % | 7 % | 4 % | 10% |
| Operation and maintenance | 23 % | 13 % | 15 % | 40 % | 18 % | 22% |
| Total | 100 % | 100 % | 100 % | 100 % | 100 % | 100% |

For established department such as Environmental Engineering department, capital expenditure posted at 15% from total average budget, surely for the department which exist for long time, doesn't need big capital expenditure, because the infrastructure already served. Routine expenditure was budgeted about 37% each year, it's a proper limit for the department which has 6 outsourcing workers. Learning process expenditure posted about 16% each year.

Development posted about 10% from total average budget each year. If compared with the another post, that percentage is the smallest. Source of funds for the development can be obtained not only from internal department, but also from extern parties, through cooperation within the country or abroad and grants.

Operation and maintenance posted at 22% from total average budget, that percentage is a proper considering of Environmental Engineering department which has a wide building, and condition of laboratory equipment.

Table 3.

Distribution of Geophysical Engineering Department Budget

| Budgeting Post | 1st Year (2012) | 2nd Year (2013) | 3rd Year (2014) | 4th Year (2015) | 5th Year (2016) | Average |
|---|---|---|---|---|---|---|
| Capital expenditure | 72% | 40% | 36% | 43% | 27% | 44% |
| Routine expenditure | 7% | 34% | 20% | 27% | 35% | 25% |
| Learning process expenditure | 6% | 19% | 16% | 18% | 18% | 15% |
| Development | 2% | 5% | 9% | 8% | 16% | 8% |
| Operation and maintenance | 13% | 2% | 19% | 4% | 4% | 8% |
| Total | 100% | 100% | 100% | 100% | 100% | 100% |

For Geophysical Engineering department which is recently exist, 72% from a total budget used for capital expenditure in the first year. For routine expenditure, learning process expenditure and development posted at 7%, 6% and 2 % from total budget, the remaining abaout 13% were used for operation and maintenance.

From financial management information system, it is known that percentage of capital expenditure which has posted at 72% in first year existence, and the percentage decrease slowly each year, that can indicate Geophysical Engineering department has growing up, because of the infrastructure partially fullfiled.

Routine expenditure increase in every year, because of the amount of students are increase too, and the needs of human resources and operational also increasing. Routine expenditure posted at 25%, that number percentage is closer to distribution percentage of environemental engineering as established department.

Learning process expenditure and development were posted at 15% and 8% from total average budget. That percentage means ¼ from total budget used for "tri dharma perguruan tinggi", and it prove that Geophysical Engineering create excellent generation with give priority to research and development activities.

Operation and maintenance posted at 8% from total average budget, that percentage is the smallest between another budget posts, because of the ages of department and the technical lifetime of equipment still long and doesn't need big cost for operation and maintenance.

## CONCLUSSIONS AND RECCOMENDATIONS

Based on the exposure and data above, it can be concluded that distribution of budget can be use as department performance indicator. Performance of Geophysical Engineering department is increase every year, because the percentage distribution of budget closer to percentage from established department. Management information system help department to record their fundsperformance year by year.

There are some reccomendations for ITS, financial management information system in ITS expected can record funds from external parties and grants. If the number of samples could be expanded, performance indicator each faculty can be known. If performance indicator each faculty

known, it will make new department can learn more how to manage their finances, and it is a lesson for the overall ITS.

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