THE EFFECT OF REGIONAL ORIGINAL INCOME, GENERAL ALLOCATION FUNDS, AND SPECIAL ALLOCATION FUNDS ON REGIONAL FINANCIAL PERFORMANCE WITH CAPITAL EXPENDITURE AS DISTRICT/CITY INTERVENING VARIABLES IN NUSA TENGGARA TIMUR PROVINCE

Maria Novita Olin¹, Mayang Sari Edastami².

¹(Master of Accounting, Faculty of Economics and Business, Esa Unggul University, Indonesia)
²(Master of Accounting, Faculty of Economics and Business, Esa Unggul University, Indonesia)

*Corresponding Author: Maria Novita Olin¹

ABSTRACT: The research has the aim of looking at local revenue, general allocation funds, and special allocation funds on regional financial performance with capital expenditure as the district/city intervening variable in the province of NTT in 2015-2019. This type of study is based on the relationship between the variables studied is causal. The type of data intended for this study is quantitative data, namely library data in the form of regional original income data, general allocation funds, special allocation funds, regional financial performance with efficiency ratios, and district/city capital expenditures in the province of NTT. The results of the study found that regional original income partially did not affect capital expenditures, while general allocation funds and special allocation funds partially had an impact on capital expenditures. Regional original revenues, general allocation funds, and special allocation funds simultaneously have an impact on capital expenditures. Regional original income and special allocation funds partially do not affect the financial performance of the region, while general allocation funds and capital expenditures have an impact on regional financial performance. Local revenue, general allocation funds, and special allocation funds have an impact on the financial performance of the region with capital expenditure as an intervening variable.

KEYWORDS: Regional Original Revenue, General Allotment Funds, Special Designated Funds, Regional Financial Performance, and Capital Expenditures

I. INTRODUCTION

The enactment of Law No. 23 of 2014 concerning local government instead of Law No. 32 of 2004 and Law No. 22 of 1999 provides opportunities for local governments to run the government with great independence, clarity, and responsibility in a professional manner. The application of regional independence indirectly requires the region to carry out transformations in the field of government and public services for the welfare of its people.

As a result of the implementation of regional independence, local governments are required to design, explore, regulate and utilize their financial resources according to their expertise. Regional governments must make every effort to utilize regional expertise that can create regional revenues to run the government, ensure the objectives of development policies, and are also independent in terms of funding development plans. UU no. 23 of 2014 explains that regional independence is the right, authority, and role of an independent region to manage and organize its government matters and the needs of its citizens within the system of the Unitary State of the Republic of Indonesia.

The existence of maximum independence in the region is shown to spur the achievement of the welfare of the citizens by increasing services, utilization, and position and citizens. In addition, with broad independence, in the strategic area of globalization, the region is expected to be able to increase competence by observing the principles of democracy, equity, equality, excellence and characteristics, and expertise as well as regional diversity within the system of the Unitary State of the Republic of Indonesia.

Mardiasmo (2009) stated that in implementing regional independence, regional authorities must be able to provide financial data to the community, the Regional People's Representative Council, and regional government stakeholders. The regional government as the executor in development and community service as well as the task of managing the region's finances must submit financial reports as a form of accountability to the public in the form of financial reports.

In terms of carrying out regional independence, regional governments are expected to always increase PAD every year because PAD is the backbone of financing all regional activities related to government affairs.
and regional development affairs. With the existence of regional independence, all regions in Indonesia are expected to be able to carry out all government tasks and develop their territory according to the PAD owned by the region. All sources of regional revenue are required to be realized optimally by applicable regulations.

According to Halim (2007) PAD is all regional revenues sourced from regional original economic sources. Sources of PAD start from local taxes and the results of the use of separate regional resources and other official PAD. Saragih (2003) states that PAD is revenue that is managed and managed by the region itself, intended to finance regional development, and is agreed annually in the form of a regional budget, such as regional taxes and regional company profits.

Although PAD is the backbone of regional financing, each region still receives support from budget policies sourced from the budget from the central government in the form of a balanced budget to strengthen the PAD obtained. All revenues from regional potential are PAD and balancing funds from transfer funds from the central government, which are sources for carrying out regional development budgets and increasing and encouraging regional economic growth. Employment absorption and strengthening regional trade are expected to reduce poverty in the region. The use of the APBD is expected to contribute to the progress of the entire region.

Government Regulation Number 12 of 2019 concerning Regional Financial Management, 2019 confirms that each region has the right to determine the allocation of resources in capital expenditures based on the principles of fulfillment, demand, and regional expertise. The local government together with the DPRD as legislators first formulate the General Budget Policy (KUA) and Temporary Budget Priorities and Upper Limits (PPAS) is a source of distributing APBD resources. KUA and PPAS are specifications of community support test results to fully understand the short-, medium- and long-term policies related to regional financial management policies.

Capital expenditures are budget expenditures intended to obtain fixed assets and other assets from an accounting period, Government Regulation of the Republic of Indonesia No. 24 of 2005. Capital expenditures are closely related to long-term financial planning, especially funds obtained from these capital expenditures for the maintenance of fixed assets. Juniawan&Suryantini (2018) revealed that regional expenditure which is capital expenditure must be considered because it is related to the continuity of infrastructure development and public facilities. Capital expenditure in its meaning is related to government affairs in the procurement of facilities to support government performance in providing the best possible service to the community. Mardiasmo (2002) states that the government does not have its own money because everything belongs to the community. Therefore, local governments need to change their spending structure and make efforts to improve the quality of public services.

To ensure the level of effectiveness of financial administration in an area, regional financial administration must be carried out measurably. It is related to the regional financial administration that was found previously so that researchers have obtained financial information such as the condition of financial performance by using the efficiency ratio of the 2015-2019 East Nusa Tenggara provincial government as stated.

From the results of the financial administration above, it is explained that the efficiency of the financial administration of the province of East Nusa Tenggara in 2015 was 99.13%, 2017 was 99.86%, and 2019 was 98.92% less efficient because it was at a presentation level of 90%-100%. Meanwhile, in 2016 and 2018 the efficiency ratio explained that the Province of East Nusa Tenggara was not efficient in its financial management. This is because the efficiency ratio is above 100%, which is 102.66% in 2016 and 100.64% in 2018. The share of provincial taxes and other official PAD is not in line with the target.

Through the data that has been obtained, the authors are encouraged to make a study of the financial performance of the region in the province of East Nusa Tenggara to find out the implementation of the APBD carried out by the government, especially PAD, DAU, DAK, capital expenditures for the benefit of the community. This is intended so that the use of the budget by the regional government is by the development targets for the benefit of the welfare of the people of the province of East Nusa Tenggara.

II. LITERATURE REVIEW

2.1. Value for Money (Concept of Value for Money)

Bastian (2006) states that the value for money concept is a concept that includes economy, efficiency, and effectiveness. Value for money is inseparable from the three concepts that have contributed to the assessment of public sector organizations where the meaning of the three concepts is:

2.1.1. The economy is the link between the value of money and investment practices or the procurement of goods and services of the required quality at the lowest price. Each operating activity is considered economical if it can reduce costs that are considered unnecessary.
2.1.2. Efficiency, which is making a comparison of the intended input with the resulting output. The implementation of activities will be considered efficient if the achievement of targets (outcomes) is achieved using resources with low funds.

2.1.3. Effectiveness is the relationship between the output of the responsibility center and the objectives to be achieved. Effectiveness within local government can be translated as timeliness in completing an activity within the limits of the funds provided and realizing the agreed targets.

2.2. Locally generated revenue

According to Law no. 23 of 2014 concerning regulation, namely that one source of regional revenue is PAD, including the results of regional taxes, regional taxes, the results of the use of separate regional assets, as well as other official PAD. Halim (2007) revealed that PAD is all regional revenues originating from regional original economic sources.

2.3. General Purpose Fund (DAU)

Referring to Law No. 23 of 2014, general allocation funds are funds obtained by the State Budget to balance the financial potential between regions to provide funds for regional needs in the context of implementing decentralization. The general distribution fund is the largest component of the balancing budget and plays a very important role in creating justice and equity among regions. The DAU value is agreed to be at least 26% of the net domestic revenue (PDN) agreed in the APBN. The ratio of DAU among provinces, districts, or cities is determined based on the authority between provinces, districts, or cities.

Special Designated Fund (DAK)

According to Government Regulation No. 55 of 2005 special allocation is a budget that starts from the state budget revenue, which is intended for special areas, which aims to support the provision of funds for regional affairs and special activities involving regions. Article 52 Government Regulation no. 55 of 2005 states that the plans and activities to be financed by the special allocation fund are plans that become the national focus as outlined in the government's work plan.

2.4. Capital Expenditure

LKPP Perka No. 11 of 2013 stipulates that capital expenditure is a budget intended for the purchase or addition of fixed assets or other assets that provide income for more than one accounting period (one year) and exceeds the minimum investment limit for fixed assets or other assets. Assets designated in daily operations the number of days the work unit is not sold. Capital expenditures include: 1) land capital expenditures, 2) equipment and machinery capital expenditures, 3) construction and construction capital expenditures, 4) maintenance capital expenditures, 5) other physical capital expenditures, and 6) intangible assets. The acquisition value/amount provided or developed from tangible fixed assets is included in capital expenditures only at the purchase price/construction of assets (Permendagri No.13/2006).

2.5. Regional Financial Performance

The form of performance appraisal in regional financial management is reporting the responsibility of the regional head in the form of APBD calculations. In the calculation of performance measurement, there are at least 4 measures in assessing the performance of local government financial management, namely deviations between realization and the budget that was formalized in the APBD, expenditure efficiency, program effectiveness, equity, and justice. The Regional Financial and Asset Management Agency (BPKAD) stated that the financial performance of the regional government is the level of performance at the regional government level, including the budget and PAD implementation based on the financial measures determined during the matter of the budget according to policies or laws and regulations. The indicator is in the form of financial ratios.

Performance benchmarks referring to Mardiasmo (2002) are actions taken to measure the level of success of each Regional Apparatus Organization (OPD) in implementing programs within one fiscal year. This is intended to determine the level of budget absorption from each work program, to measure whether or not the use of budget funds from each work program is reasonable. There are two scopes of performance indicators, namely: (1) elements of success (output), (2) achievement of each element of success (outcome).

Figure 1 Research Frame Work
III. RESEARCH METHOD

This type of study is based on the relationship that occurs between the variables studied, is causal where the relationship between phenomena is causal and describes or depicts a phenomenon. Describe the variables and examine the causal relationship between PAD variables, general allocation funds, special allocation funds from regional financial performance with capital expenditures as district/city intervening variables in the province of East Nusa Tenggara.

The types of data intended for this study are quantitative data, namely library data in the form of PAD data, general allocation funds, special allocation funds, regional financial performance with efficiency ratios, and district/city capital expenditures in the province of NTT. The data source intended for this study is the 2015-2019 budget realization report (5 years) of 22 districts/cities in the province of NTT. The population in this study is all district/city governments in the province of NTT. The sample for this study is 22 urban areas in the province of NTT. The technique in taking samples in this study is non-probability sampling where the sample is taken based on the saturated sample technique, in which the entire population becomes the study sample.

Variable Operational Definition

Table 1. Study Variables

<table>
<thead>
<tr>
<th>Variable</th>
<th>Variable Measurement</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependent Variable:</td>
<td>Regional Financial Performance</td>
<td>Ratio</td>
</tr>
<tr>
<td>Independent Variables:</td>
<td>PAD = local taxes + regional levies + proceeds from the inauguration of wealth administration + other official PAD</td>
<td>Nominal</td>
</tr>
<tr>
<td>DAU</td>
<td>The amount of general designation funds is listed in the APBD</td>
<td>Nominal</td>
</tr>
<tr>
<td>DAK</td>
<td>The amount of special allotted funds is listed in the APBD and is by national priorities</td>
<td>Nominal</td>
</tr>
<tr>
<td>Intervening Variables:</td>
<td>Capital Expenditure = BM for land + BM for equipment and machinery + BM for buildings and buildings + BM for roads, networks, and irrigation + BM for other fixed assets</td>
<td>Nominal</td>
</tr>
</tbody>
</table>

Data analysis. The method intended to analyze the data in this study is path analysis intended to determine the contribution of the independent variable from the dependent variable, either directly or indirectly through other variables (Ghozali, 2011). The path analysis model intended for this study is:

\[ YBM = \beta_1 \text{PAD} + \beta_2 \text{DAU} + \beta_3 \text{DAK} + \beta_4 \text{BM} + \beta_5 \text{PAD} + \beta_6 \text{DAU} + \beta_7 \text{DAK} + \beta_8 \text{BM} + \epsilon \]  

(1)

\[ YKKD = \beta_1 \text{BM} + \beta_2 \text{PAD} + \beta_3 \text{DAU} + \beta_4 \text{DAK} + \epsilon \]  

(2)

Information:

- \( \text{YBM} \) = Regional Financial Performance
- \( \text{YKKD} \) = Capital Expenditure
- \( \beta \) = Coefficient of Independent Variables
- \( \text{PAD} \) = PAD
- \( \text{DAU} \) = General Purpose Fund
- \( \text{DAK} \) = Special Designated Fund
- \( \epsilon \) = Error term is the error rate in the study

IV. RESULT AND DISCUSSION

4.1. Descriptive Statistics Test.

The description file statistical test is used in the general description of each study variable. This analysis describes data shown from the minimum, maximum, average, standard deviation of each study variable.

Table 2. Descriptive Statistics

<table>
<thead>
<tr>
<th>Description Statistics</th>
<th>PAD</th>
<th>DAU</th>
<th>DAK</th>
<th>BM</th>
<th>KKD</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>110</td>
<td>110</td>
<td>110</td>
<td>110</td>
<td>110</td>
</tr>
<tr>
<td>Missing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>mean</td>
<td>66041085.59091</td>
<td>482540255.67273</td>
<td>170415398.36364</td>
<td>198390259.32727</td>
<td>98993</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>39168842.02893</td>
<td>90276489.35454</td>
<td>70801647.380433</td>
<td>65801443.115792</td>
<td>0.94555</td>
</tr>
<tr>
<td>Minimum</td>
<td>6529917.000</td>
<td>316115258.000</td>
<td>50940711.000</td>
<td>8864400000</td>
<td>0.572</td>
</tr>
<tr>
<td>Maximum</td>
<td>229137473.000</td>
<td>754511787.000</td>
<td>411342783.000</td>
<td>516093566.000</td>
<td>1.186</td>
</tr>
</tbody>
</table>
Regarding the descriptive statistical test, it explains that the number of observations (N) from this study is 110. The PAD variable (X1) explains the minimum value of 6,529,917, the maximum value of 229,137,473, the mean value (mean) of 66,041,085, and the standard deviation of 39,168,842, so that it can be said that the NTT government's PAD is relatively small due to the failure to achieve the agreed late target through PAD revenue posts, namely regional taxes, regional levies, regional commissioning profits, and other official PAD.

The DAU variable (X2) explains the minimum value of 754,511,787, the maximum value of 316,115,258, the mean value of 482,540,255, and the standard deviation of 90,276,489. This is due to the lack of tax sources and the lack of utilization of natural resources by the local government, so the NTT government desperately needs a budget allocation from the central government in the form of DAU sourced from the balancing fund to support and finance all regional expenditures.

The DAK variable (X3) explains the minimum value of 50,940,711, the maximum value of 411,342,783, the mean value of 170,415,398, and the standard deviation of 70,801,647, meaning that the distribution of DAK funds is only intended for infrastructure procurement and financing, special activity programs are proposed by the regions for the central government so that the allocation is given according to the needs of the work program.

The Capital Expenditure variable (Z) explains the minimum value of 8,864,400, the maximum value of 516,093,566, the mean value of 198,390,259, and the standard deviation of 65,801,443. It means that regional revenue from PAD and connected funds is dominated by normal operational interests. government, such as spending on goods and personnel through investment in activities related to community needs.

The Regional Financial Performance variable (Y) describes a minimum value of 0.572, a maximum value of 1.186, a mean value of 0.98993, and a standard deviation of 0.094455, meaning that the performance of the NTT regional government is less efficient in distributing its budget. This can be seen from the efficient use of the budget that has not yet reached the target as stated in the budget plan.

4.2. Model Test
Regression Analysis

Regression analysis was conducted to examine the impact of PAD (X1), general-purpose funds (X2), and special allotted funds (X3). In the regression equation the structural equation model is:

\[ Y_{KKD} = 4BM + 5PAD + 6DAU + 7DAK + e_2 \]

Simultaneous Hypothesis Testing (F Test). Simultaneous hypothesis test results aim to determine the impact of the variables PAD (X1), DAU (X2), and DAK (X3) simultaneously have an impact on regional financial performance with capital expenditures. Simultaneous hypothesis test results (F test) using SPSS application based on returns to column F with Sig.

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>.316</td>
<td>4</td>
<td>.079</td>
<td>12.641</td>
<td>.000 *</td>
</tr>
<tr>
<td>Residual</td>
<td>.656</td>
<td>105</td>
<td>.006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>.972</td>
<td>109</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Predictors: (Constant), BM, PAD, DAU, DAK

This table can be concluded that simultaneously or together the variables PAD (X1), DAU (X2), and DAK (X3) have a significant impact on regional financial performance with spending seen in returns. $0.000 < \alpha = 0.05.$

4.3. Partial Hypothesis Testing (T-Test).

The results of the partial hypothesis test (t-test) aim to determine the effect of the PAD (X1), DAU (X2), and DAK (X3) variables partially or each of the variables. The results of the t-test using the SPSS application are based on the PAD (X1), DAU (X2), DAK (X3) model, and capital expenditure column t with Sig. Known and obtained results:

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.901</td>
<td>.027</td>
<td></td>
</tr>
<tr>
<td>BM</td>
<td>4.485E-10</td>
<td>.000</td>
<td>.312</td>
<td>32.866</td>
</tr>
</tbody>
</table>

Dependent Variable: KKD
The capital expenditure variable has a sig value, 0.001 <0.05. This explains that capital expenditure has an impact on regional financial performance. So, it can be stated that the hypothesis is accepted.

Table 5. Model T-Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.824</td>
<td>.045</td>
<td>18,419</td>
</tr>
<tr>
<td>PAD</td>
<td>-5.200E-10</td>
<td>.000</td>
<td>-.216</td>
<td>-2.316</td>
</tr>
<tr>
<td>DAU</td>
<td>4.815E-10</td>
<td>.000</td>
<td>.460</td>
<td>5.166</td>
</tr>
<tr>
<td>DAK</td>
<td>-1.864E-10</td>
<td>.000</td>
<td>-140</td>
<td>-1.481</td>
</tr>
</tbody>
</table>

a. Dependent Variable: KKD

Based on the test of the table above, it can be concluded that the PAD variable has a sig value, 0.022 <0.05 with a PAD regression coefficient of -5.200E-10. This explains that PAD hurts regional financial performance. So, it can be stated that the hypothesis is rejected. The DAU variable has a sig value, 0.000 <0.05. This explains that the DAU has an impact on the financial performance of the region. So, it can be stated that the hypothesis is accepted. The DAK variable has a sig value, 0.004 <0.05 while the regression coefficient value is -3.774E-10.

This explains that DAK hurts regional financial performance. So, it can be stated that the hypothesis is rejected.

Path Analysis. Path analysis is used to determine the amount of the contribution (contribution) of the independent variable from the dependent variable either directly or indirectly through other variables.

Immediate Impact. The direct impact is the impact to see the path coefficients of the independent variables namely PAD, DAU, and DAK calculated directly from the dependent variable of regional financial performance. The impact of this direct relationship can be shown in the table:

Table 6. Results of Direct Impact Test

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Direct Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PAD (X1Y2)</td>
<td>-0.216</td>
</tr>
<tr>
<td>2</td>
<td>DAU(X2Y2)</td>
<td>0.460</td>
</tr>
<tr>
<td>3</td>
<td>DAK(X3Y2)</td>
<td>-0.140</td>
</tr>
<tr>
<td></td>
<td>Direct influence</td>
<td>0.104</td>
</tr>
</tbody>
</table>

From Table 6 it can be concluded that PAD, DAU, and DAK do not have a direct impact on the financial performance of the region as seen from the direct impact value of 0.104. The statement explained that the expertise of the NTT regional government in managing the potential of the region had not been fully utilized, making the regional government highly dependent on the central balancing fund. According to the theory put forward by Verawaty (2017), the ability of a region to take advantage of the financial potential of the region and to regulate regional original financial sources to fulfill government needs must be carried out so that it does not depend on central government funding.

Indirect Impact. The indirect impact is the impact to see the path coefficients of the independent variables namely PAD, DAU, and DAK which are calculated through the capital expenditure variable as the intervening variable of the dependent variable of regional financial performance. The impact of this indirect relationship can be shown in the table, namely:

Table 7. Indirect Impact Test Results

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable</th>
<th>Indirect Influence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PAD (X1*Y1)</td>
<td>0.049</td>
</tr>
<tr>
<td>2</td>
<td>DAU(X2*Y1)</td>
<td>0.125</td>
</tr>
<tr>
<td>3</td>
<td>DAK(X3*Y1)</td>
<td>0.143</td>
</tr>
<tr>
<td></td>
<td>Indirect Influence</td>
<td>0.247</td>
</tr>
</tbody>
</table>

In the results of table 7, it can be concluded that PAD, DAU, and DAK have an indirect impact on regional financial performance through capital expenditures as seen from the positive indirect impact value of 0.247. This means that the financial performance of the NTT government area has used the available budget sourced from PAD, DAU, and DAK to the maximum to meet the needs and interests of services from the community in the region. According to the theory put forward by Bojanic (2013), this productivity ultimately
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determines the direction in which various types of government spending impact economic development. Not only that, but capital expenditures can also increase investment, resulting in an increase in regional income in the future. Based on tables 6 and 7 explain that the direct impact is smaller than the indirect impact with a value of 0.104 < 0.247, it can be concluded that PAD, DAU, DAK have an impact on regional financial performance with capital expenditure as an intervening variable.

V. CONCLUSION

5.1. Conclusion
Referring to the results of the study and analysis previously described, conclusions can be drawn as follows:

5.1.1. Regional Original Revenue (PAD) partially does not affect Capital Expenditures, while General Allocation Funds (DAU) and Special Designation Funds (DAK) partially have an impact on Regency/Municipal Capital Expenditures in the province of East Nusa Tenggara.

5.1.2. Regional Original Revenues, General Allocation Funds (DAU), and Special Designated Funds (DAK) simultaneously have an impact on district/city Capital Expenditures in the province of East Nusa Tenggara.

5.1.3. Locally Owned Revenue (PAD), and Special Designated Funds (DAK) partially do not affect Regional Financial Performance, while General Allotment Funds (DAU), and Regency/City Capital Expenditures in the province of East Nusa Tenggara.

5.1.4. Regional Original Revenue (PAD), General Allotment Fund (DAU), Special Designated Fund (DAK), and Capital Expenditure simultaneously have an impact on the Regional Financial Performance of the regency/city in the province of East Nusa Tenggara.

5.1.5. Regional Original Revenue (PAD), General Designated Funds, and Special Designated Funds have an impact on Regional Financial Performance with Capital Expenditure as a district/city variable in the province of East Nusa Tenggara.

5.2. Suggestion
Referring to the conclusion above, the researcher gives suggestions, namely: (1) It is recommended that the local governments in 22 districts/cities in the province of NTT increase their PAD more to finance all the needs of the region. (2) It is recommended that all local governments in the 22 regencies/cities in the NTT province increase the use of capital expenditures rather than routine expenditures to improve the quality of public services to encourage economic growth. (3) The government in the province of NTT in financial management is not good enough so that it is necessary to improve financial performance with an optimal system for implementing all existing PAD to achieve independence. The management of PAD to finance all blood needs must pay attention to the bureaucratic system, especially in providing ease of licensing for investors to invest in the NTT region to increase PAD.

5.3. Managerial Implications
From the results of this study, the managerial implications carried out by the NTT government to improve the financial performance of the region are:

5.3.1. Implement a reward and punishment system so that the government can carry out its obligations and responsibilities to the maximum so that the performance is good

5.3.2. Using a line-item budgeting system to prepare a budget based on and where the funds come from and carry out financial control that has an orientation for organizational input, its determination through an incremental approach or gradual increase as well as in using or utilizing the budget by what has been agreed.

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REFERENCES


*Corresponding Author: Maria Novita Olin*


*Corresponding Author: Maria Novita Olin
1(Master of Accounting, Faculty of Economics and Business, Esa Unggul University, Indonesia)