



## EFFECTIVENESS OF FINANCIAL PERFORMANCE OF THE NORTH MINAHASA FOOD SERVICE IN 2025: A QUALITATIVE ANALYSIS OF OPERATIONAL EXPENDITURE DISBURSEMENT

Jeane Joulanda Charlota Maramis <sup>1</sup>, Theodorus Pangalila <sup>2</sup>, Laurens Bulo <sup>3</sup>

Program Pascasarjana Administrasi Negara, Universitas Negeri Manado

Email: [jemaramis@gmail.com](mailto:jemaramis@gmail.com)

### Abstract (English)

**Purpose:** This study analyzes the effectiveness of financial performance at the North Minahasa Food Service (Dinas Pangan) in 2025, focusing on the operational expenditure disbursement process and its determining factors. The background reveals a significant decline in budget absorption from 90.80% in 2024 to 82.88% in 2025, indicating underlying administrative and organizational issues beyond mere target failure. **Method:** A qualitative descriptive approach was employed. Data were collected through in-depth interviews with key informants (Department Head, Section Heads, PPTK, Treasurer), direct observation, and document study (DPA, budget realization reports, LKjIP). The analysis followed the Miles, Huberman, and Saldana interactive model, with data validity ensured through credibility, transferability, dependability, and confirmability checks. **Results:** The study found that (1) operational expenditure disbursement does not adhere to the cash budget, leading to end-of-year accumulation; (2) SOPs are ineffective, with the accountability report (SPJ) stage being the primary bottleneck; (3) staff workload is imbalanced, peaking at year-end, and inter-unit coordination is suboptimal; (4) supporting budget allocation (e.g., official travel) is inadequate for field needs; (5) four key determinants hinder disbursement: dependency on SPJ completeness, ineffective internal coordination and SOPs, delayed central government policies (CPP rice prices), and reliance on external stakeholders. **Conclusion:** The financial performance of the North Minahasa Food Service is not yet effective. Policy implications suggest improving cash budget planning, strengthening SOPs with clear timelines, enhancing staff capacity, and optimizing coordination with external partners.

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### Key Words

Financial Performance Effectiveness, Operational Expenditure, Budget Absorption, Regional Financial Management, North Minahasa.

## 1. Introduction

### 1.1 Background

Regional financial management is a strategic instrument for governance and public service delivery. Laws No. 23/2014 and No. 33/2004 grant local governments greater autonomy in managing their finances, guided by principles of efficiency, effectiveness, transparency, and accountability (Law No. 1/2004; Government Regulation No. 12/2019). However, critical challenges often emerge during the implementation phase.

In 2025, the North Minahasa Food Service showed a significant budget absorption decline to 82.88% (realized Rp3,194,468,344 from a budget of Rp3,854,063,317), compared to 90.80% in 2024. This low absorption is not merely a failure to meet targets but an indicator of deeper administrative and organizational problems, including irregular disbursement timing and fund accumulation at year-end. As Rifai et al. (2016) note, weak coordination between planning and finance units leads to repeated budget revisions and activity delays.





As a strategic regional apparatus with a mandate for food security, the Food Service must translate budget allocations into impactful programs. Unabsorbed budgets potentially delay food security programs, safety supervision, and community empowerment. This study focuses on analyzing financial performance effectiveness using a qualitative descriptive method to explain the operational expenditure disbursement process and its determining factors.

## 1.2 Problem Formulation

1. What is the process of operational expenditure disbursement at the North Minahasa Food Service?
2. What are the determining factors in the operational expenditure disbursement process at the North Minahasa Food Service in 2025?

## 1.3 Research Objectives

1. To identify, analyze, and describe in depth the process of operational expenditure disbursement.
2. To identify and analyze the determining factors in the operational expenditure disbursement process.

## 2. Literature Review

### 2.1 Public Administration and Management

Public administration is the government's work, involving managing, coordinating, and utilizing public resources to formulate and implement policy (Chandler & Plano in Indradi, 2006). Dwight Waldo (1948) emphasized that public administration is intertwined with political, social, and moral values, not merely technical activity. In this context, budget realization must be viewed not just as a disbursement process but as part of broader administrative decisions reflecting internal and external organizational values.

Public management focuses on designing programs, restructuring organizations, and allocating resources effectively through budgeting (Mahmudi, 2019). It encompasses financial management, human resources, program evaluation, and audits to ensure transparency and accountability.

### 2.2 Effectiveness Theory and Regional Financial Management

Effectiveness refers to the degree of success in achieving organizational goals (Gibson et al., 2009). In public budgeting, effectiveness includes output achievement, process accuracy, and beneficiary impact. Permendagri No. 77/2020 states that expenditure effectiveness must be assessed based on program and activity performance. Mahmudi's (2019) Value for Money approach emphasizes three dimensions: economy (low-cost input acquisition), efficiency (optimal input-output ratio), and effectiveness (output contribution to goals).

### 2.3 Budget Absorption and Planning

Budget absorption describes an organization's ability to execute programs according to allocated budgets (Halim, 2014). However, high absorption does not guarantee effectiveness, which depends on goal achievement and program benefits. Regional budget planning involves systematic formulation of directions, priorities, and resource allocation through strategic documents (Renstra, Renja, RKA). Sianturi (2017) notes that the APBD is a key policy instrument for strengthening governance capacity and effectiveness.



### 3. Research Method

#### 3.1 Approach and Focus

This study uses a qualitative descriptive approach to understand the social and administrative phenomena underlying low budget absorption. The research was conducted at the North Minahasa Food Service. The focus is on the operational expenditure disbursement process with four sub-foci: (1) Planning of the disbursement process, (2) Standard Operating Procedures (SOPs), (3) Implementing Apparatus, and (4) Budget Allocation.

#### 3.2 Data Sources and Collection Techniques

- **Primary Data:** Obtained through in-depth interviews with key informants (Head of Service, Section Heads, PPTK, Treasurer) and direct observation.
- **Secondary Data:** DPA documents, budget realization reports, LKjIP, EPRA reports, and regulations.
- **Collection Techniques:** triangulation of interviews, observation, and document study.

#### 3.3 Data Analysis and Validity

Data were analyzed using the Miles, Huberman, and Saldana (2014) interactive model (data reduction, display, conclusion drawing/verification). Validity was ensured using Lincoln and Guba's four criteria: credibility (triangulation, member check), transferability (thick description), dependability (process documentation), and confirmability (audit trail).

### 4. Results and Discussion

#### 4.1 Results

##### 4.1.1 Planning of Disbursement Process

The study found that operational expenditure disbursement does not follow the predetermined cash budget. Realization depends on activity completion and completeness of the SPJ (accountability report) documents. Consequently, activities are often delayed due to dependence on external partners (e.g., price setting for Government Food Reserves/CPP rice, commodity stock availability), leading to a buildup of disbursement requests at the end of the fiscal year. This was evident in the low budget absorption in the third quarter of 2025.

##### 4.1.2 Standard Operating Procedures (SOPs)

The SOP for disbursement is not yet effective. The process only begins after activities are completed and is highly dependent on complete SPJ documents. The most common time deviation occurs during the SPJ administration stage, where documents are often incomplete (e.g., unsigned receipts, missing supporting evidence, tax calculation errors), causing back-and-forth and delaying the submission of SPP, SPM, and ultimately SP2D.

##### 4.1.3 Implementing Apparatus

Staff understanding of procedures does not linearly correlate with disbursement timeliness. Workload is uneven, peaking significantly at the end of the year, which pressures the treasurer and PPTK, leading to suboptimal document verification. Coordination between the Bidang (sections), PPTK, and the Treasurer remains suboptimal, as there are no clear performance controls (deadlines, document checklists). SPJs are often submitted incomplete, leading to returns and further delays.

##### 4.1.4 Budget Allocation

The allocation of supporting expenditure, particularly official travel, is inadequate compared to field needs. The Food Service's activities are spread across all districts, requiring travel for collecting proof of distribution (e.g., signed receipts from beneficiaries). Insufficient travel budgets



force staff to rely on phone/WhatsApp coordination, delaying SPJ collection. Additionally, the late issuance of central government policies (e.g., CPP rice price in November 2025) and changes in the APBD (budget revisions) add workload and compress the implementation time, causing a rush of disbursements at year-end.

#### 4.1.5 Determining Factors in Disbursement

Based on the findings, four key determining factors in the operational expenditure disbursement process were identified:

1. **Dependence on SPJ Completeness:** Disbursement is tied to post-activity document completion, not integrated with activity implementation.
2. **Ineffective Internal Coordination and SOP Implementation:** SOPs do not serve as an effective control tool due to inconsistent implementation and weak coordination.
3. **Uncertainty of Central Government Policies:** Delays in determining CPP rice prices and other commodity issues shift activity schedules and delay procurement.
4. **Dependence on External Actors:** The service's disbursement rhythm relies heavily on the readiness of vendors, partners, village, and district officials.

#### 4.2 Discussion

The findings indicate that the financial performance effectiveness of the North Minahasa Food Service is not yet optimal. The primary issue is a synchronization failure between budget planning (cash budget), activity implementation, and financial administration (SPJ). The cash budget functions merely as a formal document rather than an effective control instrument (Mardiasmo, 2018). This is reinforced by the finding that disbursement is reactive to activity completion (post-event), not proactive, contradicting the principles of orderly, efficient, and effective regional financial management (PP No. 12/2019).

The frequent schedule changes due to external dependence show weak internal control over external risks, as mandated by Government Regulation No. 60/2008 on SPIP. The end-of-year disbursement accumulation is a classic phenomenon indicating an inefficient budget implementation rhythm, increasing administrative pressure and reducing verification quality (Yusuf, 2023).

The SOP ineffectiveness, particularly at the SPJ administration stage, highlights poor administrative quality and weak organizational commitment to procedure. Staff knowledge of procedures is insufficient without disciplined application, balanced workload, and robust coordination. This aligns with Lumingkewas & Supit (2023), who found that competent human resources must be supported by good coordination behavior.

The inadequate allocation of official travel budgets demonstrates a gap between planning and field reality. This directly impacts the timeliness of SPJ completion, which is a prerequisite for disbursement. The dependence on SPJ completeness as the primary determinant reinforces that the SPJ is the *de facto* control point, not the cash budget. Delayed central policies (CPP prices) represent an external determinant that local government cannot control, highlighting the need for risk mitigation strategies and adaptive mechanisms, as explained by implementation theory (Edward III, 1980) and contingency theory.



## 5. Conclusion and Recommendations

### 5.1 Conclusion

1. The operational expenditure disbursement process at the North Minahasa Food Service follows regional financial management mechanisms but is **not yet effective**. Disbursement does not adhere to the established cash budget, depends entirely on activity completion and SPJ document completeness, and leads to uneven, end-of-year budget absorption.
2. The determining factors are: (a) dependence on SPJ completeness, (b) suboptimal internal coordination and SOP implementation, (c) delayed central government policies (CPP rice prices), and (d) reliance on external stakeholders (vendors, village/district officials).

### 5.2 Recommendations

1. **Planning:** Improve the cash budget planning process to be more realistic, detailed, and flexible, accommodating potential schedule changes.
2. **SOP:** Enforce SOP compliance with clear administrative standards and a mandatory document checklist before SPJ submission to the Treasurer. Set binding deadlines for responsibility handover.
3. **Apparatus:** Provide targeted training on regional financial administration, improve task distribution, and strengthen coordination between PPTK and the Treasurer through regular, structured meetings.
4. **Budget Allocation:** Adjust supporting budget (official travel) to align with real field needs, considering the broad geographical coverage and high number of beneficiaries requiring direct verification.
5. **Monitoring:** Conduct periodic (monthly/quarterly) monitoring and evaluation of budget realization and disbursement to detect issues early and prevent end-of-year accumulation.

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