

---

## MODEL OF SPENDING REVIEW INTEGRATION: TAKING BUDGET DECISION IN MINISTRY OF HEALTH

Beni Ruslandi, National Audit Board, Republic of Indonesia

\*Correspondence: b.ruslandi@gmail.com

---

### ARTICLE INFO

#### Article History:

received  
revised  
accepted

#### Keywords:

Budget Decision; Spending  
Review; National Budgeting.

### ABSTRACT

The aim of the research is to describe and identify factors that hinder and support the integration of spending reviews in budget decision making at the ministry of health. By using a qualitative approach, the results of this study are inhibiting factors in the form of 1) lack of public support; 2) data on budgeting that is less qualified; 3) laws and regulations that limit the distribution of spending review reports. Meanwhile, the supporting factors are 1) support from non-governmental organizations and international organizations; 2) there is good internal and inter-agency coordination; 3) methods and standard procedures regarding spending review are owned by the ministry of health.

---

### INTRODUCTION

Budget is issue often described as a fundamental economy issue in allocating scarce resource to the alternative goal to maximize the benefit accepted from the program and service funded by budget. It is seen from technical efficient and economy that held strongly in the process of executive budget, and cost savings is one of the main functions.<sup>1</sup> Every aspect of budget issue related to social, politic, law, economy, and technically considered as kind of separated issue.<sup>2</sup> Because of economy issue needs economy decision, so does social issue needs social decision, politic issue needs political

decision, and so on.<sup>3</sup> This argument describes a comprehensive perspective on budget issue that needs a comprehensive analysis and consider much alternative of policy and efficiency.

It is undeniable that natural characteristic of economy issue and its decision making are combined with limited time at formulation stage. As the consequence of it, budget compiler must overcome non-economy issue in the period before formulation phase, it is in the phase of budget implementation.<sup>4</sup> From the fifth types of non-economy decision, the most dynamic and very visible is political decision, which is as the main focus of politic-incremental choice model.<sup>5</sup> The structure of political decision

---

<sup>1</sup> Mark R. Rutgers dan Hendrickje van der Meer, "The Origins and Restriction of Efficiency in Public Administration: Regaining Efficiency as the Core Value of Public Administration," *Administration & Society* 42, no. 7 (1 November 2010): 755–79, <https://doi.org/10.1177/0095399710378990>.

<sup>2</sup> Giuseppe Catalano dan Angelo Erbacci, "A Theoretical Framework for Spending Review Policies at a Time of Widespread Recession," *OECD Journal on Budgeting* 17, no. 2 (19 April 2018): 9–24, <https://doi.org/10.1787/budget-17-5j8z25k1ltjc>.

---

<sup>3</sup> Julia E. Melkers dan Katherine G. Willoughby, "Budgeters' Views of State Performance-Budgeting Systems: Distinctions across Branches," *Public Administration Review* 61, no. 1 (2001): 54–64.

<sup>4</sup> Herbert A. Simon, "Theories of Decision-Making in Economics and Behavioral Science," *The American Economic Review* 49, no. 3 (1959): 253–83.

<sup>5</sup> Kurt Thurmaier dan Katherine G. Willoughby, *Policy and Politics in State Budgeting* (M.E. Sharpe, 2001).

making is designed to enable the decision makers consider for diversely point of views about different values around the core values in society.<sup>6</sup> Considering the aspect of technic and economy from various programs is conditioned by rationality of social, politic, and law that underlie the non-economy aspect of the program. Other than that, solving problem of economy and technical issue have lower priority to political decision because it depends on political decision.

Economy consideration must be subordinated to political consideration in one of two cases as followed: (a) when political aspects becomes the main concern and needs compensation, and (b) when political concern is no longer become direct concern, but the budget recipient accept the political sign that technical or economy solution for budget issue can cause political issue.<sup>7</sup> Complexity of budget arrangement can be simplified by selecting various factors to two main elements, they are political sign and economy factor, to value them by budget compiler.

Apart from the complexity in decision making, the budget also still has challenges, among others, in the form of budget absorption, absorption patterns that are not yet ideal and efficient, and spending.<sup>8</sup> The results of the spending review on the 2018 expenditure plan show a potential spending inefficiency of IDR 2,425.81 billion and einmalig of IDR 9,392.57 billion. This inefficiency occurs because of unnecessary but budgeted spending. While einmalig is a

program activity that has been completed in the previous year so that it does not need to be budgeted for in the following year but in fact it is still budgeted..

*Spending reviews* are a tool to implement financial reforms, particularly to increase the availability of fiscal gaps through budget cuts and reallocation.<sup>9</sup> In Indonesia, spending review activities have been implemented since 2013 by the Directorate General of Treasury, Ministry of Finance. The focus of implementing spending reviews is the effectiveness, efficiency and economy of spending use. Thus, the results of spending reviews are very useful in formulating budget policies for the following year because spending reviews are not only related to efficiency and effectiveness but also related to decision making and responsibility.<sup>10</sup> However, the results of spending reviews in Indonesia have not actually been used for decision making for the next fiscal year, including in budget cutting decisions, resulting in difficulties for the government to improve the quality of spending.<sup>11</sup>

Based on the release of data from the Directorate General of Budget of the Ministry of Finance, the health budget as one of the national priorities is mostly implemented by the Ministry of Health, with the 2014 to 2018 health budget allocated to the Ministry of Health of 92.08%, 90.44%, 89, respectively. 49%, 87.78% and 83.67%. In addition, based on the 2017 Spending Review Report, it is known that the results of the spending review

---

<sup>6</sup> Kurt Thurmaier, "Execution Phase Budgeting in Local Governments: It's Not Just for Control Anymore!," *State & Local Government Review* 27, no. 2 (1995): 102–17.

<sup>7</sup> Kurt Thurmaier, "Budgetary Decision-making in Central Budget Bureaus: An Experiment," *Journal of Public Administration Research and Theory: J-PART* 2, no. 4 (1992): 463–87.

<sup>8</sup> Bilmar Parhusip, "Analisis Implementasi Spending Review Pada Kementerian Negara/Lembaga Tahun 2013-2015," *Kajian Ekonomi Dan Keuangan* 20, no. 3 (2 Februari 2017): 191–211, <https://doi.org/10.31685/kek.v20i3.193>.

---

<sup>9</sup> Ian Hawkesworth dan Knut Klepsvik, "Budgeting Levers, Strategic Agility and the Use of Performance Budgeting in 2011/12," *OECD Journal on Budgeting* 13, no. 1 (2013): 105–40, <https://doi.org/10.1787/budget-13-5k3ttg15bs31>.

<sup>10</sup> Postula Marta, "Spending Reviews – a Tool to Support the Efficient Management of Public Fund," *Central European Management Journal* 25, no. 2 (2017): 63–90, <https://doi.org/10.7206/jmba.ce.2450-7814.196>.

<sup>11</sup> Parhusip, "Analisis Implementasi Spending Review Pada Kementerian Negara/Lembaga Tahun 2013-2015," 194–99.

at the Ministry of Health indicate a total inefficiency of Rp. 561.45 billion and Einmalig of Rp. 180.54 billion. This data shows that from the aspect of inefficiency and inefficiency the value of inefficiency at the Ministry of Health is quite high. This study identifies inhibiting and driving factors, strategies and models for integrating spending reviews in making budget decisions for the Ministry of Health.

The reasons underlying the research objectives are :

*First*, budget decision making at the Ministry of Health has not taken advantage of the results of the spending review conducted by the Ministry of Finance. This condition is indicated by the fact that there are still seven indicators of the RPJMN Health that have not been achieved and still require hard work even though the realization of health spending continues to increase. In addition, the problems found in the 2017 spending review still occurred and were found in the 2018 spending review, even for einmalig the value increased from Rp180.54 billion in 2017 to Rp.427.20 billion in 2018.

*Second*, the spending review conducted by the Ministry of Finance has not been integrated and is part of the budget decision-making process at the Ministry of Health. Therefore, it is necessary to identify the factors inhibiting and supporting the integration of spending reviews in the budget decision-making process at the Ministry of Health.

*Third*, there is no research that presents models and strategies for integrating spending reviews in budget decision making at Ministries / Institutions in Indonesia, especially at the Ministry of Health.

## LITERATURE STUDY

### Previous Study

The focus of this research is to examine the integration of spending reviews in budget decision making. In connection with this

focus, this study has two sub-focuses, first, making budgetary decisions and the second focus is the use and integration of spending reviews at the Ministry of Health. There is not much literature as a reference and study related to this topic. Several previous studies related to budget decision-making approaches and spending reviews: 1) Research from Muhammad Rafi, Dyah Mutiarin, Paisal Akbar who analyzed the results of spending reviews on managerial decisions taken by the Directorate General of Treasury, Ministry of Finance of the Republic of Indonesia in accordance with the Circular of the Director General of Treasury SE-2 / PB / 2015 Number; 2) Research by Hendi Kristiantoro, Basuki, and Zaenal Fanani which analyzed the institutionalization process of spending review in the budgeting system in Indonesia from an institutional theory perspective; 3) Bilmar Parhusip's research which analyzed the implementation of technical spending reviews at State Ministries / Institutions (K / L) in 2013-2015 in Indonesia. From some of these studies, there are gaps, among others, in the form of theoretical gaps in the form of a spending review theoretical framework proposed by Giuseppe Catalano and Angelo Erbacì that have not been used in these studies.

## Theoretical Framework

### Governance

Governance can be viewed in a narrow and broad sense. In a narrow sense government refers to state authority given to a group of people who have authority in a certain unit for a certain period of time.<sup>12</sup> Meanwhile, government in a broad sense is a way of ruling on certain entities for a certain period of time. Government science is a science that aims to lead life with humans towards the greatest possible happiness, both spiritual and physical happiness and without

---

<sup>12</sup> Wasistiono dan Simangunsong. (2015). Metodologi Ilmu Pemerintahan. IPDN Press; Bandung

illegally harming others.<sup>13</sup> To realize community happiness, the government carries out various programs and activities funded by the government budget.

### *Government Budget Decision Making*

A budget is a document or collection of documents consisting of a detailed description of the expected income and expenditure of a particular institution, which is related to activities planned to achieve certain goals or objectives, within a certain period.<sup>14</sup> In the public sector, the budget has three major functions, namely economic, political and legal functions.<sup>15</sup> From an economic aspect, the budget is used to plan, control and manage activities, which are intended to balance income and expenditure and efficiently allocate available resources to maximize social welfare. The budget specifies what activities will be carried out including the type, quantity and quality of services provided to citizens and how resources will be acquired and allocated. Budgets help officials know whether revenue and expenditure during the fiscal period is materializing as planned, and whether operational adjustments are needed. At the end of the fiscal period, the comparison of the budget with the final accounting report allows an evaluation of whether income and expenditure are in line with expectations or not. There are three models of budget decision making that describe the relationship between public expenditure output and public policy, namely the rational, incremental (garbage can) model.<sup>16</sup> The essential difference between the

rational, incremental, and wastebasket models can be demonstrated by placing them on a continuum.<sup>17</sup> If the three models are placed side by side based on the level of economic rationality, the waste basket theory will be the most irrational of the three models while the rational choice budget will be the most rational, and incrementalism will be between the two.

### *Spending Review*

In the years since the onset of the financial crisis, many developed countries are still affected by major problems of financial sustainability. Among the main difficulties the government currently has to face are reducing public spending and achieving fiscal consolidation in the context of a widespread recession. Several countries are trying to overcome these challenges by implementing spending reviews as part of a broader strategy of reducing annual budgets and a series of audit and accountability arrangements.<sup>18</sup> The first cases of spending reviews came from the 1990s, in particular, in Canada (1994), Australia (1995) and the United Kingdom (1998). However, in the years following the financial crisis, there has been renewed interest in using spending reviews as a

---

<sup>13</sup> Van Poelje, GA; 1953; *Pengantar Umum Ilmu Pemerintahan*; NV Soeroengan; Jakarta

<sup>14</sup> Veiga, L. G., Kurian, M., & Ardakanian, R. (2015). *Intergovernmental Fiscal Relations: Questions of Accountability and Autonomy*. New York: Springer.

<sup>15</sup> Veiga, L. G., Kurian, M., & Ardakanian, R. (2015). *Intergovernmental Fiscal Relations: Questions of Accountability and Autonomy*. New York: Springer

<sup>16</sup> Reddick, C. G. (2002). Testing rival decision-making theories on budget outputs: Theories and comparative evidence. *Public Budgeting & Finance*, 22(3), 1-25.

---

<sup>17</sup> Reddick, C. G. (2003b). Testing Rival Theories of Budgetary Decision-making in the US States. *Financial Accountability & Management*, 19(4), 315-339.

<sup>18</sup> Lebih lengkap mengenai hal ini, lihat Laurence Ferry dan Peter Eckersley, "Budgeting and Governing for Deficit Reduction in the UK Public Sector: Act One 'The Comprehensive Spending Review,'" *Journal of Finance and Management in Public Services* 10, no. 1 (2011): 14-23; Laurence Ferry dan Peter Eckersley, "Budgeting and Governing for Deficit Reduction in the UK Public Sector: Act Two 'The Annual Budget,'" *Public Money & Management* 32, no. 2 (1 Maret 2012): 119-26,

<https://doi.org/10.1080/09540962.2012.656017>;  
Laurence Ferry dan Peter Eckersley, "Budgeting and Governing for Deficit Reduction in the UK Public Sector: Act Three 'Accountability and Audit Arrangements,'" *Public Money & Management* 35, no. 3 (4 Mei 2015): 203-10, <https://doi.org/10.1080/09540962.2015.1027496>.

strategic tool to reduce public spending by increasing its efficiency and effectiveness. The Greek government announcement in 2015 to use spending reviews to drastically reduce public spending is only the latest example of a country looking to adopt this tool to address its medium-term strategy of fiscal consolidation.

In general, spending review is a budget revision process which consists of an analytical evaluation of all costs, investments and assets of public organizations. This evaluation is carried out to identify possible savings. Governments generally undertake this process to address problems of fiscal consolidation and control of public spending (medium-term expenditure review) or to reprioritize public spending into a more effective composition (long-term expenditure review). Meanwhile, spending review sets the framework for spending levels over the medium term.<sup>19</sup> Meanwhile the annual budget translates this framework into more detailed policy options complemented by audit and accountability arrangements to monitor final impact and financial suitability.<sup>20</sup> Despite the increasing popularity of this managerial tool, until now there has been no official or theoretical definition of a spending review. Spending review is a mixture of various institutional procedures related to public expenditure control.<sup>21</sup> However, in the literature there are no detailed descriptions of the elements that make up this process or specific locations for the topic. Catalano and Erbacci suggest the first theoretical framework for spending review. They identified four dimensions in the implementation of the medium-term spending review, namely the

political, social, organizational and process dimensions as well as a dynamic cross element, namely time. These dimensions affect the management of budget cuts in public organizations.

## METHODOLOGY

This study uses an interpretive qualitative approach. Yin defines a qualitative approach as an empirical approach that observes phenomena in the context of real life, especially when the boundaries between the phenomenon and its context cannot be clearly defined.<sup>22</sup> Compared to some other approaches, the qualitative approach is a structured approach, with well-mapped steps and clear measurement criteria.<sup>23</sup> The qualitative approach was chosen because this research was conducted through the process of finding, understanding, explaining and obtaining an overview of the phenomena related to the budget decision-making process at the Indonesian Ministry of Health.

The focus of research on this type of qualitative research is closely related to problem formulation because research problems become a reference in determining the focus of research. However, considering that qualitative research methods are flexible, the focus of research may develop in accordance with the research situation in the field and in accordance with the final results of actual data collection in the field. Based on the problems and research objectives that have been formulated, three research problems were determined: 1) factors inhibiting and encouraging the integration of spending review in budget decision making at the Ministry of Health; 2) the strategy of integrating spending review in budget decision making at the Ministry of Health and 3) Integrating spending review models in making

---

<sup>19</sup> Ferry dan Eckersley, "Act One: The Comprehensive Spending Review," 15.

<sup>20</sup> Ferry dan Eckersley, "Act Two: The Annual Budget," 123.

<sup>21</sup> Daniela Monacelli dan Aline Pennisi, "The experience of Spending Review in Italy: problems and challenges for the future," *Politica economica*, no. 2 (2011), <https://doi.org/10.1429/35200>.

---

<sup>22</sup> Robert K. Yin, *Case Study Research: Design and Methods* (SAGE Publications, 2013).

<sup>23</sup> Jan Dul dan Tony Hak, *Case Study Methodology in Business Research* (Boston, MA: Elsevier, 2007).



budget decisions at the Ministry of Health. Data were collected from interviews and document analysis. To collect data, the authors conducted research at the Ministry of Health and drew conclusions from the patterns found. Questions are compiled and used in semi-structured interviews so that they can be used to determine informants' perceptions of budget decision making and spending reviews.

can provide input for the next budgeting process.

## ANALYSIS

### Budget Decision Making in the Ministry of Health

Based on Law no. 17 of 2003 and Law no. 1 of 2004 the phases in the cycle of the State Revenue and Expenditure Budget (APBN) are divided into several main stages, namely: planning, budgeting, validation, implementation and accountability. Meanwhile, in terms of technical aspects, the budget cycle consists of several stages: 1) budget preparation carried out by the government (executive) and its instruments and divided into two separate activities, namely planning and budgeting; 2) budget approval by the DPR; 3) budget execution carried out by the government and its apparatus; 4) monitoring of budget execution, which is carried out through ex post audit, ex ante review and in-year monitoring and evaluation; and 5) accountability for the budget, which among others is realized through audited government financial reports.

When depicted, the five stages mentioned above will form a circle, where the end of the process of one period is the base of the process of the next period, thus forming a cycle. In this cycle, monitoring and evaluation can be seen from two sides, the first as an alternative form of supervision, on the other hand, monitoring and evaluation is carried out from the stage and along with budget execution. At the end of this monitoring and evaluation spending review is carried out so that the results of monitoring and evaluation

Figure 1 Proses Budgeting



Law Number 36 of 2009 concerning Health states that the goal of health development is to increase awareness, willingness and ability to live healthy for everyone so that the highest degree of public health can be realized, as an investment for the development of socially and economically productive human resources. . To achieve these goals, it is necessary to formulate good planning and budgeting. The budget preparation process at the Ministry of Health varies greatly, starting from the formulation of work plans (Renja) at the central level (Ministry / Institutions), and regional work plans (provincial and district / city) sourced from the State Revenue and Expenditure Budget (Anggaran Pendapatan Belanja Nasional or APBN), both from pure rupiah, Non-Tax State Revenue (Pendapatan Nasional Bukan Pajak or PNBP) and / or loans / grants from outside / within the country (Pinjaman or P / Hibah Luar Negeri or HL / Hibah Dalam Negeri or DN) with various mechanisms. The

critical point of the Ministry of Health's budgeting lies in the synchronization between the Central and Regional Governments, especially for the Deconcentration Fund (Dekon), Co-administered Tasks (Tugas Pembantuan or TP), and the Special Allocation Fund (Dana Alokasi Khusus or DAK).

Health is one of the national development priorities, so that health sector budget planning is an integral part of national development planning which refers to the National Development Planning System (Sistem Perencanaan Pembangunan Nasional or SPPN). In accordance with Law Number 25 of 2004 concerning SPPN, the system is a unitary development planning procedure to produce long-term, medium-term and annual development plans which are carried out by elements of government administrators at the central and regional levels by involving the community.

Presidential Regulation Number 72 of 2012 concerning the National Health System (Sistem Kesehatan Nasional or SKN) states that the health development planning between the central and regional governments is not synchronized. Likewise, long-term / medium-term planning is still not a reference in short-term planning. Likewise, many policies have not been formulated based on evidence and have not synergized with planning at the central level and / or at the regional level. In accordance with Article 31 of Law Number 25 Year 2004 concerning SPPN, it is stated that "Development planning is based on accurate and accountable data and information". Therefore, the determination of the budget allocation for each program and activity takes into account the results of the evaluation of the implementation of programs and activities in year t-1 and the performance targets set in year t + 1. Planning and budgeting also takes into account suggestions from the satker, community aspirations, and across sectors.

In planning and budgeting, there must be a link or a common thread between the indicators in the National Middle Development Planning (Rencana Pembangunan Jangka Menengah Nasional or RPJMN), Strategic Planning (Rencana Strategis or Renstra), Government's Planning (Rencana Kerja Pemerintah or RKP) and Work Plan of the Ministry or Institution (Rencana Kerja Kementerian atau Lembaga or Renja K / L). The indicators in the RKP and Renja K / L are composite indicators to achieve what will be achieved in the RPJMN and Renstra. In preparing the Ministry of Health's activity plan and budget, every health planner must refer to the National RPJP, Health Sector RPJP, RPJMN, Ministry of Health's Strategic Plan, RKP and Ministry of Health Renja. Each of these documents has a substantive relationship with one another, so that the Ministry of Health's planning and budgeting is more focused, comprehensive, integrated and synergistic.

Budget decision making at the Ministry of Health, refers to the Minister of Health Regulation No. 48 of 2017 dated 8 November 2017 concerning Guidelines for Planning and Budgeting in the Health Sector. The preparation of planning and budgeting in the health sector has continuous stages starting from planning programs and activities to allocating the budget. The submission of planning and budgeting documents for year t + 1 is divided into 3 (three) periods, namely: 1) before the indicative ceiling is set (up to February 15); 2) before the budget ceiling is set (up to June 30); and 3) before the budget allocation is determined (up to September 30).

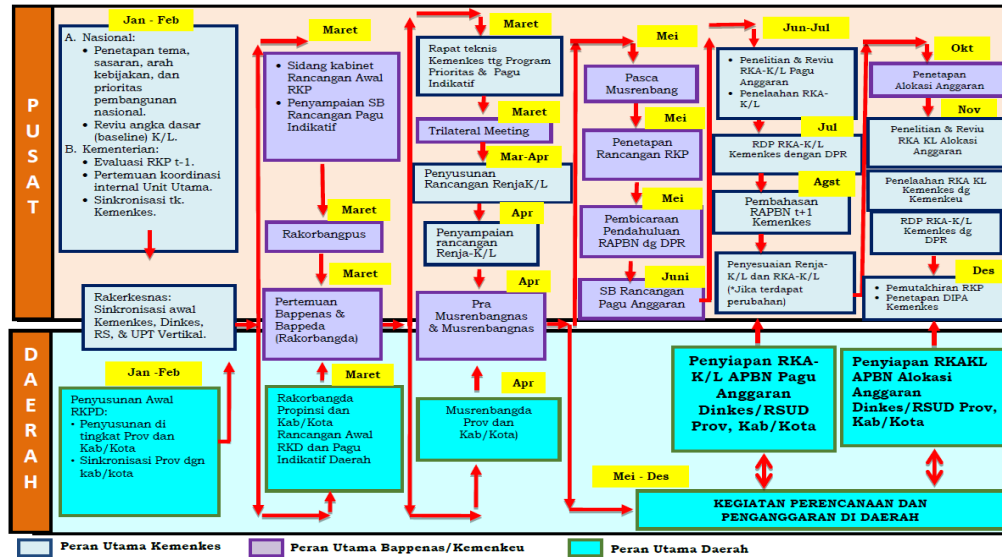
Planning and budgeting proposals are submitted through the planning and budgeting electronic application coordinated by the Secretary General, c.q Planning and Budget Bureau. The use of electronic applications aims to carry out evidence-based planning in the form of proposed electronic data consisting of a framework of reference and /

or supporting data, strengthening good governance that is implemented through a tiered proposal mechanism at the bureaucratic level. (bottom up and top down) by considering the principles of compliance, worthiness, and appropriateness.

Each work unit (Satker) carries out the planning and budgeting process by following

the time scheme set by the National Planning and Development Agency (Bappenas) and the Ministry of Finance (Ministry of Finance). The scheme of the stages of budget planning at the Ministry of Health is depicted in Figure 2.

Figure 2 Stages of Budget Formulation in The Ministry of Health





Sources: Ministry of Health, 2020

Budgeting is more than just an economic and technical decision-making process. The budget is also the main government policy document included in the realm of public policy. Public policy also addresses social, legal and political issues.<sup>24</sup> Social decisions underlie the analysis of social values that underlie ministerial / institutional programs. Political decisions underlie the analysis of the relative social assessment of the ministry / agency program. Legal decisions underlie analysis of constitutional and legal constraints on program implementation and funding. Technical decisions underlie the analysis of how to make the service production process efficient. Economic decisions underlie analysis of how to allocate ministry / agency resources across different programs and alternative decisions based on relative social assessments determined by non-economic decisions. In connection with these aspects, budget decision-making activities at the Ministry of Health can be grouped as follows:

Table 1 Economic and Non-Economic Decision Making in the Ministry of Health

Non-Economic Decision	Economic Decision
Social Decision	Technical Decision
a. in April, the Pre Musrenbangnas and / Musrenbangnas meetings and in May continued with the Post Musrenbangnas meeting which aims to discuss and	a. Ministry of Health leadership meeting to discuss program priorities for year t + 1 and an indicative ceiling allocation per Main Unit b. In April, Pre-Meeting c. technical meeting (Planning

<sup>24</sup> Thurmaier dan Willoughby, *Policy and Politics in State Budgeting*, 175.

Non-Economic Decision	Economic Decision
<p>synchronize central and regional policies regarding national development programs and synchronizat ion of APBN and APBD funds</p> <p>b. holding an internal coordination meeting of the Main Unit to elaborate the Ministry of Health's program policy plans, targets and indicators into program policies in the Main / technical Unit, including Deconcentra tion and Main / Technical Unit TP policies for year t + 1</p> <p>c. In March, a Central Developmen t Coordinatio n Meeting (Rakorbangpus) and a Regional Developmen t Coordinatio n Meeting (Rakorbangd</p>	<p>Technical Coordination Meeting) to discuss proposals / planning between the regions (provincial health offices) and the center (Main Unit and Planning and Budget Bureau). This meeting may involve the Inspectorate General in the context of internal control</p> <p>d. Musrenbangnas and Musrenbangnas and in May followed by a Post Musrenbangnas meeting which aims to discuss and synchronize central and regional policies regarding national development programs and synchronization of APBN and APBD funds</p>

Non-Economic Decision	Economic Decision
a) were held.	
Politic Decision	Economy Decision
a. The President sets the theme, targets, policy direction and national development priorities for the planned year	a. no later than the end of March, each Main Unit follows up on the results of the planning technical meeting by compiling a per-program and per-activity Renja-K / L plan in accordance with the
b. held a meeting of the Ministry of Health's leadership to determine the program policy plan and targets as well as initial indicators for the Ministry of Health, including deconcentration and TP policies for year t + 1	b. no later than early April, the Secretary General through the Planning and Budget Bureau reviews the draft Renja-K / L Main Unit / Satker through a discussion forum
c. in May, a preliminary discussion on the RAPBN was held between the Government and the House of Representatives (DPR)	c. the second week of April, the Ministry of Health submitted the draft Renja-K / L to the Minister of National Development Planning / Bappenas and the Minister of Finance
d. In July, a budget ceiling RKA-K / L discussion was held with the DPR	d. on the 3rd / 4th week of April, a Three-Party Meeting was held between Bappenas, the Ministry of Finance and the Ministry of Health to review

Non-Economic Decision	Economic Decision
e. In August, the Government and the DPR will discuss the RAPBN t + 1 for budget allocation	the draft Renja-K / L
f. discussing the RKA-K / L budget allocation with the DPR	e. no later than the end of June, the Minister of Finance and the Minister of National Development Planning / Bappenas submits the Draft Budget Allocation that has been approved by the President to the Ministries / Institutions through a Joint Letter
	f. The Ministry of Health sets the budget allocation per Main Unit
	g. In July, the Ministry of Health's RKA-K / L review was carried out by the Ministry of Finance and the Ministry of National Development Planning / Bappenas
	h. in October, the Ministry of Finance will determine the budget allocation
	i. In October, an adjustment to the RKA-K / L was carried out based on the budget allocation
	j. In November, a RKA-K / L review was carried out between the Planning and

Non-Economic Decision	Economic Decision
	Budget Bureau accompanied by the Main Unit with the Ministry of Finance and the Ministry of National Development Planning / Bappenas
Law Decision	
a. in May, the Minister of National Development Planning / Bappenas issued a Draft RKP based on the	

There are problems in planning and budgeting for the Ministry of Health, which, among others, was revealed by the Ministry of Finance in the spending review report. Based on the 2018 Spending Review Report, several problems need to be fixed by the Ministry of Health in the next fiscal year. These problems include: 1) health development that is ideally realized equal in each three months but it pile up in the end of the year; 2) potential inefficiency of Official Travel Expenditures at the Ministry of Health in 2018 amounting to IDR 15.96 billion; 3) einmalig at the Ministry of Health in 2018 increased from 2017, namely in 2018 amounting to Rp427.20 billion; 4) the deviation of the needs of the Ministry of Health in 2018 increased from 2017, namely Rp94.74 billion in 2018; 5) realization of the Immunization Service budget in the Ministry of Health in 2017 reached the lowest realization, it was only 39,8%; 6) low achievement of priority activities, namely increasing access to maternal and child health services; and 7) low budget for vaccine supply output.

The results of research in the field reveal that the ineffectiveness of the research, review and review is caused by

Non-Economic Decision	Economic Decision
results of the Tri-Party Meeting b. in June, the final draft RKP is enacted by a Presidential Regulation	
Budget Execution Stage	Budget Formulation Stage

Sources: Ministry of Health, 2020.

several obstacles, including: 1) time constraints in the planning and budgeting process; 2) supporting data that is inaccurate or invalid; 3) the capacity of human resources involved in planning and budgeting activities is not optimal; 4) management has not been optimal, such as weaknesses in monitoring and evaluation of budget utilization, budget revision and reallocation as well as laws and regulations; and 5) weaknesses in cross-program / cross-sectoral and between central and regional coordination which result in overlapping activities or outputs that cannot be utilized.

### Spending Review Integration

Regulation of the Minister of Finance Number PMK-195 / PMK.05 / 2018 concerning Monitoring and Evaluation of Budget Implementation, in Chapter III concerning Monitoring and Evaluation of the Budget Implementation of State Ministries / Institutions by the Minister of Finance as State General Treasurer, technically regulates the implementation of spending reviews. The stages of the spending review activity start from collecting the data needed in the preparation of the spending review

stipulated in Article 9, they are as followed:<sup>25</sup> 1) data on output achievement; 2) data on budget realization; 3) document on planning and budgeting; 4) document of budget implementation; and 5) other related data.

The review of activity expenditures is an arrangement of budget activity arrangements, to analyze the efficiency, efficiency and economic value of spending at Ministries / Agencies as a material for consideration of budget allocations at the Directorate General of Budget. Catalano and Erbacci suggest a theoretical framework for spending reviews and identify dimensions of empathy in the implementation of medium-term expenditure reviews, namely the political, social, organizational and process dimensions as well as dynamic cross-elements, namely time.<sup>26</sup> The results show that in general the dimensions or factors that influence the process and results of spending reviews can be divided into 3 (three) main factors, namely social factors, organizational factors, and conceptual or process factors. Meanwhile, it is concluded that political factors have not been considered in the implementation of spending reviews, considering that the spending review carried out by the Ministry of Finance has not reached the level of implementation as in the UK where the results are presented directly to the legislature, so that it becomes a consideration for political decision making to reallocate. budget. Political factors in the future can have an effect when the implementation of the Indonesian spending review has become a consideration for legislative decisions.

<sup>25</sup> “Peraturan Menteri Keuangan tentang Monitoring dan Evaluasi Pelaksanaan Anggaran Belanja Kementerian Negara/Lembaga,” No. 195/PMK.05/2018, Kementerian Keuangan (2018).

<sup>26</sup> Catalano dan Erbacci, “A Theoretical Framework for Spending Review Policies at a Time of Widespread Recession,” 18.

### *Supporting and Obstacle Factors of Spending Review Integration*

Based on the research results, it is known the factors that influence the implementation of the expenditure review. These factors are, first, social factors in the form of roles and support from non-governmental organizations (NGOs), international organizations and public support. Second, organizational factors that influence include support from the Ministry of Finance, Human Resources, both at DGT and K / L, coordination between, institutions, standard operating procedures (SOP), and the process of transferring knowledge. Third, the conceptual factor or process of misconformity between the methodology used and the planning and budgeting process, openness to review results, the approach used in implementing expenditure reviews, submitting reports and the impact of the review results.

### *Supporting Factors of Spending Review Integration*

Of all these factors, the factors identified as driving the integration of *spending reviews* in budget decision making at the Ministry of Health are presented in the following table:

*Table 2 Supporting Factors of Spending Review Integration*

No	Dimension	Supporting Factors
1.	Social Dimension	Support from NGOs and International Organizations
2.	Organization Dimension	1. Internal Coordination and among Institution and Support from Ministry of Finance 2. Support from Ministry of Health
3.	Dimensi Konseptual/Proses	Methodology of /Standard Operating Procedures (SOP)

### *Social Dimension*

The initial initiation of the implementation of the Ministry of Finance spending review can be traced from the involvement of DGT representatives in the Organization for Economic Co-operation and Development (OECD) conference in 2011. The influence of the OECD, both from the presentation at the conference and from the concepts, theories and ideas contained in the OECD Journal On Budgeting then becomes the basis for the initial concept of integrating spending reviews in the Indonesian budgeting cycle.

The Australia Indonesia Partnership Program for the Economy (Prospera) is also actively supporting the Ministry of Finance in implementing spending reviews. Prospera intensively assists the Ministry of Finance in preparing the spending review methodology. Australia has experience in implementing financial management reforms in the form of Financial Management Improvement Program activities to strengthen links between budgets and outputs. Australia's success in linking spending reviews to the budget cycle is by entering performance information in the form of outputs and outcomes into budgeting documents, namely in the form of budget plans, portfolio of budget statements and annual financial reports..<sup>27</sup> Another international institution that is the driving factor for the implementation of spending reviews is the World Bank.<sup>28</sup> World bank, in various events, gives some inputs related *public financial management* in Indonesia that can be used for the improvement of *spending review* methodology.

### *Organization Dimension*

From the organizational side, in the early stages of implementing a spending review, namely in 2013, the perspective of

the quality of spending has not yet developed as in 2019. Understanding the quality of spending that is commonly adopted by internal parties of the Directorate General of Treasury (Direktorat Jenderal Perbendaharaan or DJPb) and Ministries / Institutions still focuses on the smooth distribution of expenditures. and comparison between the expenditure realization and the allocated budget. This perspective causes support for the spending review to be insufficient. This prompted the DGT to conduct socialization and strengthen the internalization of work programs to carry out change management in order to improve the quality of spending. These various activities have contributed to changing the perspectives of many parties to see the importance of a comprehensive expenditure review. Until now, support for strengthening the implementation of spending reviews in the internal DJPb has increased rapidly and has become one of the driving factors for the integration of spending reviews.

Apart from internal DJPb, the Directorate General of Budget (Directorate Jenderal Anggaran or DJA) is the next agency that has duties and functions, one of which is to improve the quality of spending by Ministries / Institutions. Spending reviews have a close relationship with the impact arising from budget allocations, which are the duties and functions of DGT. The impact of this budget can be studied based on the concept of value for money, namely the measurement of the implementation of the 3E theory, namely economy, efficiency and effectiveness. Since the beginning of the implementation of spending review initiated by DJPb, DGT has been very supportive because DJA needs this analysis as a consideration in budget allocation. DGT plays a role in the upstream position in the budgeting cycle while DGT plays a role in budget execution and accountability in the downstream position in the budgeting

---

<sup>27</sup> Geert Bouckaert dan John Halligan, *Managing Performance: International Comparisons* (Routledge, 2007).

<sup>28</sup> Bank Dunia, "Belanja untuk Hasil yang Lebih Baik," *Kajian Belanja Publik Indonesia* (Jakarta, 2020).



cycle. With the increasing coordination between the DGT and the DGT, the fulfillment of the needs for the implementation of their respective duties can be more harmonious, as well as improve the quality of the budget cycle from upstream to downstream. With the great support from the DGT, the spending review at DJPb can be implemented properly. In addition, the Ministry of Health also supports if the results of spending reviews must be used in making budget decisions for the Ministry of Health.

*Process Dimension*

From the process dimension, the technical methodology for implementing spending reviews implemented in other countries is not necessarily appropriate if it will be implemented in Indonesia. In this regard, the Ministry of Finance, in this case the DJPb, has developed its own spending review methodology or process in accordance with the planning and budgeting system in Indonesia. SOPs in the implementation of spending reviews have been formulated by the Ministry of Finance in this case the Directorate General of Treasury and have been periodically refined since 2013 by issuing a circular for preparing spending reviews, namely in the form of SE-54 / PB / 2013 concerning Technical Guidelines for Implementation and Preparation of Spending Reviews in 2013, SE-02 / PB / 2015 concerning the Compilation of Spending Reviews in 2015, SE-12 / PB / 2016 concerning Compilation of Spending Reviews, and most recently in SE-107 / PB / 2018 concerning the Implementation of Spending Reviews and Spending Review Reports in 2018. The circular letter it is still internal and only applies to organizations in its working area, in this case at the central level the implementation of spending review is carried out by the Directorate of Budget Implementation, and at the regional level carried out by the Regional Office of the

Directorate General of Treasury. The implementation of the spending review is then covered by laws and regulations in the form of Minister of Finance Regulation Number PMK-195 / PMK.05 / 2018 concerning Monitoring and Evaluation of Budget Implementation.

In addition, the Government has issued Presidential Regulation Number 2 of 2015 concerning the 2015-2019 National Mid Term Development Plan (RPJMN) which contains the national development targets and targets for the five years 2015-2019. These targets and targets are divided into annual targets that must be achieved each year with the budget provided in the APBN. In order to encourage an increase in the value of APBN money, the DJPb spending review focuses on K / L spending execution. This is done in order to optimize the benefits of the review results while at the same time increasing the synergy between the planning stages, the budgeting stages and the budget implementation stages. With conformity to the budgeting cycle, it is hoped that it can encourage the integration of spending reviews.

*Obstacle Factors of Spending Review Integration*

The inhibiting factors for spending review based on are presented in the following table:

*Table 1 Obstacle Factors of Spending Review Integration*

No	Dimension	Obstacle Factors
1.	Social Dimension	Public Support
2.	Organization Dimension	1. Budget data quality 2. Perception of the Ministry /Institution to Spending Review Results 3. Human Resources in the Ministry of Health 4. Knowledge transfer process
3.	Conceptual/Process Dimension	1. Legislation 2. Health Ministry

		Involvement in Spending Review Implementation 3. Report Delivery and the impact of spending review result in the Ministry of Health
4.	Time	Limited time for conducting the review in the Ministry of Health

### *Social Dimension*

From the social dimension, the spending review has not received public support because the implementation of the spending review has not been conveyed to the public with several considerations. However, public involvement will be encouraged by submitting the results of the review to the public while still providing limits on which ones can be presented in general to the public and which are intensively conveyed to K / L. The public as the recipient of services / goods produced by the government plays a major role in determining how spending reviews should have an impact on improving K / L services. There is no clear evidence or research that spending reviews have improved the quality of government output (services) to the public. The increase in performance that occurred in several K / Ls is difficult to say as a direct result of integrating spending reviews due to the limited influence of spending reviews on the output of the work unit at K / L and the results of spending reviews which have not been fully used for budget decision making. Researchers and the academic community can help encourage a change in the perspective of better quality spending through making studies on the optimization of the integration of spending reviews.

### *Organization Dimension*

From the organizational dimension, it can still be found that the outputs

presented in the RKA K / L are not outputs actually resulting from the activities carried out and the allocated budget. The next problem is that there is no clear definition related to the output defined by Bappenas and the lack of guidance and guidance to Ministries / Agencies. The limited quality of output information has also been identified by the Directorate of Budgeting System RKA K / L. Performance-based budgeting has been implemented since 2005 and the government has tried to present the linkages between inputs, outputs and results; however, based on the evaluation of the K / L program performance, there are findings regarding the quality of output that still need to be improved. The unclear and validity of K / L in identifying inputs, outputs and results poses obstacles to integrating spending reviews. The Ministry of Finance has made corrective efforts to fix the problems in question. The Ministry of Finance has made efforts to organize Architecture and Performance Information (ADIK) which aims to synchronize the input-output-outcome and the use of the State Treasury and Budget System (SPAN) application. These improvements are targeted, among other things, to improve the quality of performance formulations and improve the linkages between performance indicators (inputs, outputs and outcomes). The SPAN application validates the data presented by the K / L. If there is data that is not in accordance with the principles of the State Treasury and Budget System, the RKA-K / L is returned to the Ministry / Institution for repairs. Furthermore, on the realization of output achievements, the Ministry of Finance has built an Agency Level Financial Application System (SAKTI) and Electronic Financial Report Reconciliation (e LK Account). At the implementation level, it is still found that there are work units that have not accurately reported the results of their output, so manual confirmation is still needed, to avoid the results of the wrong spending review

analysis due to inaccurate data. No matter how good the system is, if the incoming data is of less quality, it will produce less quality data output too. It is also indicated that the spending review system still has many gaps for improvement, due to continuous improvements in both the DGT review method and the DJPb spending review method. The development of IT system requirements has become a separate problem for DGT. The results of the spending review show K / L activities that have not yet produced optimal outputs and outcomes, thus causing resistance to the results of the review conducted. The perception of K / L significantly influences the effectiveness of review activities on their purchases.

The quality and number of qualified employees to conduct reviews on each K / L can be an inhibiting factor for the implementation of spending reviews. The human resources owned by each K / L work unit are generally those who have technical competence in their respective K / L fields, but have limited competence in financial management. This also happens to the Ministry of Health where its human resources do not have uniform competency capabilities, so that more effort is needed to improve these human resources so that they have the same capabilities. Not only quality issues, but the number of human resources at the Ministry of Health is also concluded to be still limited. There are still many concurrent positions between structural officials and financial managers. Meanwhile, the novelty of spending reviews, as well as the variability and changes / revisions to spending priorities at each K / L have led to the need for continuous transfer of knowledge to implementers in the field. That is what causes the transfer of knowledge at this time to be not maximal, causing the reviews conducted at each K / L to have a gap in shortcomings so that it requires additional time or additional human resources to produce quality reviews. The processes and mechanisms for

implementing spending reviews are not widely known by K / L, especially the Ministry of Health. The Inspectorate General of the Ministry of Health, which is one part of the K / L that carries out a budget review, is still unfamiliar with the spending review process.

#### *Process Dimension*

From the process dimension, the regulatory factor is one of the obstacles to the integration of spending review in making Ministries / Institutions budget decisions. Article 10 paragraph (4) PMK Number 195 / PMK.05 / 2018 concerning Monitoring and Evaluation of the Budget Implementation of State Ministries / Institutions stipulates that the expenditure review report in the form of a national level spending review is submitted to the Director General of Treasury, the Director General of Budget, and the Minister of Finance in order to improve policies in the field of budgeting. Based on these provisions, there is no requirement for the Ministry of Finance to submit a Spending Review Report to the Ministries / Institutions to be used as a reference in making budget decisions for the Ministries / Institutions concerned.

The involvement of the Ministry in the Implementation of Spending Reviews is also an inhibiting factor. The Ministry of Finance (DJPb) has made the K / L spending review arrangement, which then confirms the results to each K / L, which is nothing but a top-down approach. The above review below is a spending review where savings options are developed by the Minister of Finance / Treasury with the involvement of the Ministry as a user of a limited budget. KL does not do a spending review on itself independently, but does a budget review in the form of a budget evaluation. The involvement of K / L in preparing the spending review of the Ministry of Finance is limited to confirming the results of the said spending review. Meanwhile, the development of the methodology and the implementation

of spending review in the form of identification of the level of operational efficiency is carried out by the DJPb, Ministry of Finance. Spending reviews carried out by DJPb are confirmed to Ministries / Agencies regularly by inviting the Planning Bureau / Division, Finance Bureau / Section, APIP, along with several K / L representatives who are deemed important to submit an indication of the findings of the spending review. The representative of K / L has the right to provide a response if they do not agree with the results of the spending review. The top-down approach used in the implementation of Indonesia's spending review hampers the increase in the integration of spending reviews. The impact of these obstacles can be seen from the slow development of the methodology, the quality of the spending review results, and the level of utilization of the findings in the budgeting process.

Meanwhile, from the time dimension, based on the results of interviews, this study found that the preparation of a spending review could be hampered due to time constraints. When conducting a review of RKA K / L, many informants complained about the lack of time allocation, especially if the spending review activities were added. The existence of restrictions on matters that are carried out in relation to the budget is closely related to the allocation of time in the annual budgeting process. This time limitation has an impact on the quality of the RKA K / L document which is not optimal so that in the end there are always deficiencies both by the examiner and in the results of the spending review.

### *Spending Review Integration Strategy*

Apart from the spending review conducted by the Ministry of Finance, during the budget preparation process the Ministry of Health also carried out several research activities carried out by the Planning and Budget Bureau of the Secretary General and the RKA Review

conducted by the Inspectorate General of the Ministry of Health. Based on the analysis of data and information obtained related to the budget decision-making process at the Ministry of Health, in particular research activities carried out by the Planning and Budget Bureau of the Secretary General and RKA Review conducted by the Inspectorate General of the Ministry of Health, as well as the spending review process carried out by the Ministry of Finance and driving and inhibiting factors, then there are several strategies for integrating spending reviews in the Ministry of Health's budget decision-making process that can be done.

First, from the organizational dimension, improving the quality of planning and budgeting data through improving the quality of research and review at the Main Unit or Echelon I of the Ministry of Health before budget proposal documents are submitted to the Planning and Budget Bureau of the Ministry of Health. In addition, the use of planning and budgeting applications, such as the e-Renggar application, is optimized, among others through timely validated data input. In addition, increasing the understanding, knowledge and skills of human resources at the Ministry of Health who are involved in research, review and review of budget documents both for human resources in the Main Unit, the Planning and Budget Bureau and the Inspectorate General.

From the process dimension, the Ministry of Health coordinates with the Ministry of Finance to overcome obstacles in the form of restrictions in Article 10 paragraph (4) PMK Number 195 / PMK.05 / 2018 concerning Monitoring and Evaluation of Budget Implementation for State Ministries / Institutions which stipulates that the expenditure review report is in the form of spending national level reviews are submitted to the Director General of Treasury, the Director General of Budget, and the Minister of Finance. Meanwhile, from the time dimension, the Ministry of Health utilizes reports or



information on spending reviews carried out by the Ministry of Finance in conducting a review of the Draft Renja in April every year and conducting a Spending Review on RKA KL in June / July every year conducted by the Inspectorate General and the Planning Bureau. and the Ministry of Health's Budget.

### *Spending Review Integration Model*

The integration of the spending review model into budget decision making at the Ministry of Health can be done by looking at two implementing regulations, namely Regulation of the Minister of Finance Number 195 / PMK.05 / 2018 concerning Monitoring and Evaluation of Implementation and Regulation of the Minister of Health Number 48 of 2017 concerning Planning and Budgeting Guidelines Health. Spending reviews can be seen from two sides, namely as the output of monitoring and evaluation of budget implementation and as part or a tool of monitoring and evaluation of budget execution.

Monitoring and Evaluation (Monev) at Ministries / Institutions is a series of integrated activities in the framework of reviewing, monitoring and evaluating the implementation of the expenditure budget at the state ministries / institutions. Monev is currently being carried out by the Minister of Finance as State General Treasurer (BUN) and each Ministry / Institution as Budget User (PA). However, the evaluation in the form of a spending review has not been carried out by the Ministry of Health so that it is not yet part of the Ministry of Health's planning and budgeting cycle.

A study conducted by the World Bank on the implementation of spending reviews in several countries shows that spending reviews are likely to be most effective if they are closely integrated into the budget preparation process of Ministries / Institutions. To increase the effectiveness of spending reviews in

Indonesia, it is important if the spending review is carried out by the Ministry of Health and integrated in the Ministry of Health's budget decision-making process. This study proposes an integrated spending review model in the Ministry of Health budget decision making, which is illustrated in the following figure:

*Figure 3 Model of Comprehensive Monitoring and Evaluation Komprehensif in Budget Management in Ministry/Institution*



Based on this model, it is known that there is a link between the budget cycle, monitoring and evaluation of budget implementation and spending review. Spending reviews are an integral part of the budget cycle, namely as part of the monitoring and evaluation phase. Monitoring and evaluation can be divided into two major parts, namely monitoring and evaluation throughout the year and spending reviews which are carried out once in an annual budget cycle to provide input for planning and budgeting for the next period. In connection with this the new model is named "Model for Comprehensive Monitoring and Evaluation of Ministry / Agency Budget Management". Based on this model, there are differences with the activities carried out by the Ministry of Health in the budget decision-making process. The differences between the activities in the proposed model and those undertaken by the Ministry of Health are presented in the following table:



No	Activity in Model	Activity in Regulation of Health Ministry
1.	<i>Spending</i> reviews are an integral part of the budget cycle, namely as part of the monitoring and evaluation stage.	There are no spending review activities in the Ministry of Health's budget decision making cycle.
2.	In March the Ministry of Finance delivered and discussed the results of the spending review at the Ministry of Health as part of the Renja drafting process	There was no presentation and discussion with the Ministry of Kauangan about spending review as part of the Renja preparation activities
3.	At the latest in early April, the Planning and Budget Bureau of the Ministry of Health will conduct a review of the draft Renja-K / L Main Unit / Satker. The review of the draft Renja-K / L involved the Inspectorate General. One of the aspects studied was ensuring that the Main Unit / satker had followed up on the recommendations of the Ministry of Finance in the spending review report.	There is no review aspect of the follow-up to the Ministry of Finance's recommendations in the spending review report.
4.	Implementation of the Spending Review on the RKA of the Ministry of Health to determine the priority order of activities / disbursements / components and the budget in relation to the reduced budget value in the budget ceiling which must be the basis for the preparation of the RKA with the budget value in the Renja which is compiled based on indicative ceilings.	There is no spending review activity as part of the RKA preparation process. Activities carried out in accordance with PMK 48 of 2017 are research and review of RKA KL.

Implementation of a Comprehensive Monitoring and Evaluation Model in Budget Management of Ministries / Agencies in this case at the Ministry of Health is described in the following activities.

1. In March, the Ministry of Health invited Ministry of Finance officials to submit and discuss the results of the spending review at the Ministry of Health. The material presented included findings and recommendations which must be followed up by the Ministry of Health. The delivery and discussion were carried out in a technical meeting on indicative ceilings which was held after the Ministry of Health obtained a Joint Letter regarding the Draft Indicative Ceiling. The purpose of conveying and discussing the results of the spending review in this activity is so that the recommendations submitted by the Ministry of Finance in the Spending Review Report can be followed up by all Main Units of the Ministry of Health in drafting the t + 1 year Renja. With the Ministry of Finance's recommendations being discontinued, it is hoped that the Renja will no longer budget for the activities at issue in the spending review report.
2. At the latest in early April, the Planning and Budget Bureau of the Ministry of Health will conduct a review of the draft Renja-K / L Main Unit / Satker. The review of the draft Renja-K / L involved the Inspectorate General. One of the aspects studied was ensuring that the Main Unit / satker had followed up on the recommendations of the Ministry of Finance in the spending review report.
3. After the Ministry of Health compiles the RKA K / L based on the Draft Budget Ceiling Plan that has been approved by the President, between the end of June-early July the

spending review of the RKA-K / L budget ceiling by a team from the Planning and Budget Bureau and the Inspectorate General. Spending reviews in this stage are carried out with the aim of determining activities / outputs / components and the budget that will be reduced due to a reduction in the value of the budget ceiling compared to the indicative ceiling used when compiling the Renja. By carrying out a spending review at this stage, the reduction of activities / outputs / components and the budget has a clear basis. Through this spending review activity, the Ministry of Health will determine the priority order of activities / outputs / components and its budget based on certain criteria, for example the suitability of activities with government priorities, activities that provide the greatest economic value, activities most needed by the community and activities that cannot be funded by parties. private or local government.

## CONCLUSION

The results of research on factors that hinder and support the integration of spending reviews, spending review integration strategies, as well as an integrated spending review model in budget decision making at the Ministry of Health found several research results.

First, the factors that can support the integration of spending review in budget decision making at the Ministry of Health are the social dimension in the form of support from non-governmental organizations and international organizations such as the World Bank; organizational dimensions in the form of good internal and inter-agency coordination, as well as support from the Ministry of Finance and the Ministry of Health for the implementation of spending reviews; the process dimension in the form of a methodology or standard operating

procedure regarding spending review is owned by the Ministry of Finance. Meanwhile, the inhibiting factor in the social dimension is the absence of public support because the spending review is not yet known by the public; From the organizational dimension in the form of low quality budgeting data, the Ministry / Institution may have a poor perception of spending reviews because they are considered to be looking for mistakes by the Ministry / Institution, human resource capacity that still needs to be improved to carry out spending reviews and knowledge transfer from the Ministry of Finance is still needed. to the Ministry of Health regarding spending review; from the process dimension in the form of laws and regulations that limit the distribution of spending review reports only to the Ministry of Finance internally, the Ministry of Health has not been involved in the implementation of spending reviews and the Ministry of Health does not accept spending review reports so it does not know any recommendations for improvements that need to be followed up by the Ministry of Health; and from the time dimension in the form of limited time for conducting reviews at the Ministry of Health.

Meanwhile, the strategy of integrating spending review in budget decision making that can be formulated based on the results of this study is to improve the quality of planning and budgeting data through improving the quality of research and review at the Main Unit or Echelon I of the Ministry of Health before the budget proposal documents are submitted to the Planning and Budget Bureau of the Ministry of Health. ; increase understanding, knowledge and skills of human resources at the Ministry of Health who are involved in research, review and review of budget documents and spending reviews; coordinate with the Ministry of Finance to overcome obstacles in the form of restrictions on the distribution of spending review reports in

Article 10 paragraph (4) PMK Number 195 / PMK.05 / 2018; make adjustments to the methodology and scope of the review carried out by the Ministry of Health by accommodating the methodology and scope of the spending review carried out by the Ministry of Finance; and make use of reports or spending review information conducted by the Ministry of Finance in conducting a review of the Draft Renja and conducting a Spending Review on the RKA KL. Meanwhile, the model for integrating spending review in budget decision making is called "The Comprehensive Monitoring and Evaluation Model of Ministry / Agency Budget Management". With this model, spending reviews become an integral part of the budget decision-making cycle, especially being part of monitoring and evaluation activities that were not previously carried out by the Ministry of Health.

### Acknowledgement

This research will not be finished without support from National Audit Board, Republic of Indonesia government which is giving its data.

### REFERENCE

Anessi-Pessina, Eugenio, Carmela Barbera, Mariafrancesca Sicilia, dan Ileana Steccolini. "Public sector budgeting: a European review of accounting and public management journals." *Accounting, Auditing & Accountability Journal* 29, no. 3 (1 Januari 2016): 491–519. <https://doi.org/10.1108/AAAJ-11-2013-1532>.

Bank Dunia. "Belanja untuk Hasil yang Lebih Baik." *Kajian Belanja Publik Indonesia*. Jakarta, 2020.

Behn, Robert D. "Why Measure Performance? Different Purposes Require Different Measures." *Public Administration Review* 63, no. 5 (2003): 586–606. <https://doi.org/10.1111/1540-6210.00322>.

Bouckaert, Geert, dan John Halligan. *Managing Performance: International Comparisons*. Routledge, 2007.

Catalano, Giuseppe, and Angelo Erbacci. "A Theoretical Framework for Spending Review Policies at a Time of Widespread Recession." *OECD Journal on Budgeting* 17, no. 2 (19 April 2018): 9–24. <https://doi.org/10.1787/budget-17-5j8z25k11tjc>.

Dul, Jan, dan Tony Hak. *Case Study Methodology in Business Research*. Boston, MA: Elsevier, 2007.

Ferry, Laurence, dan Peter Eckersley. "Budgeting and Governing for Deficit Reduction in the UK Public Sector: Act One 'The Comprehensive Spending Review.'" *Journal of Finance and Management in Public Services* 10, no. 1 (2011): 14–23.

———. "Budgeting and Governing for Deficit Reduction in the UK Public Sector: Act Three 'Accountability and Audit Arrangements.'" *Public Money & Management* 35, no. 3 (4 Mei 2015): 203–10. <https://doi.org/10.1080/09540962.2015.1027496>.

———. "Budgeting and Governing for Deficit Reduction in the UK Public Sector: Act Two 'The Annual Budget.'" *Public Money & Management* 32, no. 2 (1 Maret 2012): 119–26. <https://doi.org/10.1080/09540962.2012.656017>.

Fischer, Frank. *Reframing Public Policy: Discursive Politics and Deliberative Practices*. *Reframing Public Policy*. Oxford University Press. Diakses 7 September 2020. <https://oxford.universitypressscholarship.com/view/10.1093/019924264X.001.0001/acprof-9780199242641>.

Goddard, Andrew. "Contemporary Public Sector Accounting Research – An International Comparison of Journal

Papers.” *The British Accounting Review* 42, no. 2 (1 Juni 2010): 75–87. <https://doi.org/10.1016/j.bar.2010.02.006>.

Hawkesworth, Ian, dan Knut Klepsvik. “Budgeting Levers, Strategic Agility and the Use of Performance Budgeting in 2011/12.” *OECD Journal on Budgeting* 13, no. 1 (2013): 105–40. <https://doi.org/10.1787/budget-13-5k3ttg15bs31>.

Helden, G. J. van, dan C. Reichard. “A Meta-Review of Public Sector Performance Management Research.” *Tékhné* 11, no. 1 (1 Januari 2013): 10–20. <https://doi.org/10.1016/j.tekhne.2013.03.001>.

Irvin, Renée A., dan John Stansbury. “Citizen Participation in Decision Making: Is It Worth the Effort?” *Public Administration Review* 64, no. 1 (2004): 55–65.

Kristensen, Jens Kromann, Walter Groszyk, dan Bernd Bühler. “Outcome-Focused Management and Budgeting.” *OECD Journal on Budgeting* 1, no. 4 (6 Mei 2002): 7–34. <https://doi.org/10.1787/budget-v1-art20-en>.

Kristiantoro, Hendi, Basuki Basuki, dan Zaenal Fanani. “The Institutionalization of Spending Review in Budgeting System in Indonesia.” *Journal of Accounting and Investment* 1, no. 2 (2017): 36–53. <https://doi.org/10.18196/jai.190190>.

Marta, Postula. “Spending Reviews – a Tool to Support the Efficient Management of Public Fund.” *Central European Management Journal* 25, no. 2 (2017): 63–90. <https://doi.org/10.7206/jmba.ce.2450-7814.196>.

Melkers, Julia E., dan Katherine G. Willoughby. “Budgeters’ Views of State Performance-Budgeting Systems: Distinctions across Branches.” *Public Administration Review* 61, no. 1 (2001): 54–64.

Monacelli, Daniela, dan Aline Pennisi. “The experience of Spending Review in Italy: problems and challenges for the future.” *Politica economica*, no. 2 (2011). <https://doi.org/10.1429/35200>.

OECD. *Performance Budgeting in OECD Countries*. Paris: OECD, 2007. <https://www.oecd.org/gov/budgeting/performancebudgetinginoecdcountries.htm>.

———. “Typology and Implementation of Spending Reviews Discussion.” Paris, 27 Oktober 2011.

Parhusip, Bilmar. “Analisis Implementasi Spending Review Pada Kementerian Negara/Lembaga Tahun 2013-2015.” *Kajian Ekonomi Dan Keuangan* 20, no. 3 (2 Februari 2017): 191–211. <https://doi.org/10.31685/kek.v20i3.193>.

Peraturan Menteri Keuangan tentang Monitoring dan Evaluasi Pelaksanaan Anggaran Belanja Kementerian Negara/Lembaga, Pub. L. No. 195/PMK.05/2018, Kementerian Keuangan (2018).

Prabowo, Catur Ery. “Spending Review 2018: Meningkatkan Value for Money Belanja Pemerintah.” *Indonesia Treasury Update* 3, no. 2 (2018): 30–42.

Rafi, Muhammad, Dyah Mutiarin, dan Paisal Akbar. “Analisis Spending Review dalam ALokasi Anggaran Pemerintah di Provinsi Kepulauan Riau Tahun 2017.” *Jurnal Manajemen Keuangan Publik* 4, no. 1 (2020): 1–11. <https://doi.org/10.31092/jmkp.v4i1.770>.

Robinson, Marc, dan Jim Brumby. “Does Performance Budgeting Work? An Analytical Review of the Empirical Literature.” Working Paper No. 05/210. Washington D.C., 1 November 2005. <https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Does-Performance-Budgeting-Work-An-Analytical-Review-of-the-Empirical-Literature-18321>.

Robinson, Marc, dan Duncan Last. “A Basic Model of Performance-Based Budgeting.” *International Monetary Fund, Technical Notes and Manuals*, 09 (2009): 16.  
<https://doi.org/10.5089/9781462320271.005>.

Rutgers, Mark R., dan Hendriekje van der Meer. “The Origins and Restriction of Efficiency in Public Administration: Regaining Efficiency as the Core Value of Public Administration.” *Administration & Society* 42, no. 7 (1 November 2010): 755–79.  
<https://doi.org/10.1177/0095399710378990>.

Simon, Herbert A. “Theories of Decision-Making in Economics and Behavioral Science.” *The American Economic Review* 49, no. 3 (1959): 253–83.

Thurmaier, Kurt. “Budgetary Decision-making in Central Budget Bureaus: An Experiment.” *Journal of Public Administration Research and Theory: J-PART* 2, no. 4 (1992): 463–87.

———. “Execution Phase Budgeting in Local Governments: It’s Not Just for Control Anymore!” *State & Local Government Review* 27, no. 2 (1995): 102–17.

Thurmaier, Kurt, dan Katherine G. Willoughby. *Policy and Politics in State Budgeting*. M.E. Sharpe, 2001.

Yin, Robert K. *Case Study Research: Design and Methods*. SAGE Publications, 2013.