

Regional Public Service Agency's Financial Management Implementation in Walanda Maramis North Minahasa Public Hospital

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Abstract Regional Public Service Agency's Financial Management is one of the new policies from government in order to improve financial performances and public services at Walanda Maramis North Minahasa Public Hospital. The purpose of this research is to analyze Regional Public Service Agency's Financial Management in Walanda Maramis North Minahasa Public Hospital (before and after implementing). This research uses qualitative approach with descriptive analyze method; secondary data sources from 2020 and 2021 financial reports, journal articles, reference books and interview instruments. Balanced Scorecard and Model Analyze by Miles and Huberman is the analyzing technic used to comprehensively measure the financial and non-financial performances. Result of this research shown: 1) Walanda Maramis North Minahasa Public Hospital had implementing financial management of Regional Public Service Agency in forms of governances, accountabilities and transparency; and 2) performances evaluations is consist of three aspects, financial performance, operational services performance, and service quality improvement performance, which contributing to the public's services and welfare, which also got Healthy grade financial performance with 74.15 score.

Keywords.Implementation, Financial Performances, Regional Public Service Agency

1 Introduction

Reforms in the field of financial management mandate a shift in the budgeting system from traditional to performance-based budgeting, so that the use of government and public funds becomes output-oriented. For the purpose mentioned above, the government strives to continue to conduct performance assessments of institutions or organizations that do not only apply to profit-oriented institutions or organizations, but also need to be carried out on non-commercial institutions or organizations including Regional General Hospitals (RSUD).

Based on Government Regulation Number 12 of 2019, which explains that BLUD is an agency within the government that was formed to provide services to the community in the form of providing goods and/or services that are sold without prioritizing seeking profit and in carrying out their activities based on the principles of efficiency and productivity. Permendagri Number 77 of 2020 concerning Regional Public Service Bodies (BLUD) is a form of legal certainty with the development of laws and regulations regarding BLUDs as technical guidelines for local governments in financial management. The implementation of the BLUD financial management pattern has not all been able to run optimally. This is due to the fact that there

are still obstacles in the BLUD's internal and external environment. In the BLUD's own internal environment, it is still constrained by human resources who understand limited BLUD operations both in terms of quality and quantity of resources.

The lack of understanding of the pattern of BLUD financial management has resulted in the emergence of wrong assumptions in various aspects. The flexibility of financial management owned by BLUD causes BLUD to be equated with Regional Mining Business Entity (BUMD). Flexibility in financial management at hospitals is expected to improve service performance and financial performance, so hospitals are able to provide optimal health services and can compete with competitors.), so that BLUDs cannot be equated with BUMDs that carry out their activities for profit. Therefore, it is very important for local governments to understand thoroughly the pattern of BLUD financial management. Meanwhile, BLUD internal problems can be managed by conducting training for human resources involved in the BLUD financial management pattern, or adding human resources in accordance with the competencies required in the BLUD financial management pattern. One strategy to be able to serve the public well is how to make regional apparatuses that operationally provide services to the community given

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flexibility in their financial management. The flexibility of financial management requires good governance.

The Regional General Hospital (RSUD) Maria Walanda Maramis, North Minahasa Regency, is required to comply with all government regulations related to the implementation of financial management, and is required to be transparent and accountable in the use of state money and public funds. So far, transparency and accountability in the financial management of the Maria Walanda Maramis Hospital in North Minahasa Regency have been implemented by presenting an accountability report for the use of funds submitted to several external parties, namely the Ministry of Finance and the Ministry of Health. However, so far, the people who are part of the interested parties have not received information on the management of these funds. The task of managing finance and health services becomes very difficult with demands for financial transparency and accountability that must be published in the media, as well as in deciding the standard amount of health costs that must be communicated to the public, including the amount of the need for health services as a whole. As an institution that is capital-intensive, labor-intensive and science and technology-intensive, this hospital requires skilled professionals in modern business management. Through the Financial Management Pattern of the Public Service Agency (PPK-BLUD), Maria Walanda Maramis Regional General Hospital, North Minahasa Regency, is expected to be able to improve the performance of its services to the community in order to promote general welfare and educate the nation's life, by providing flexibility in financial management based on economic principles. and productivity and the application of sound business practices.

2 Literature Review

2.1 Public Service Agency Concept

Law of the Republic of Indonesia Number 1 of 2004 concerning the State Treasury, Article 1 states that the Public Service Agency is an agency within the government that was formed to provide services to the community in the form of providing goods and/or services that are sold without prioritizing seeking profit and in carrying out its activities based on on the principles of efficiency and productivity.

This concept was re-adopted in its implementing regulations, namely in Article 1 number 1 of PP No. 12 of 2019 concerning Financial Management of Public Service Agencies. Minister of Home Affairs Regulation Number 77 of 2020 concerning Regional Public Service Agency (BLUD). This is a form of legal certainty, with the development of legislation regarding BLUDs as a guide for local governments in managing BLUD finances. Agencies included in the BLUD include hospitals, health centers, educational institutions, licensing services, and broadcasting. Good governance is characterized by strict supervision, improving public sector performance and dealing with corruption. Good governance can also improve organizational leadership,

management, and oversight, result in more effective interventions, and ultimately lead to better outcomes with improved people's lives.

2.2 Hospital Financial Management

Government Regulation Number 12 of 2019 which regulates the Regional Public Service Agency (BLUD), emphasizes that RSUD must make many adjustments, especially in terms of financial and budget technical management, including determining costs. Regarding flexible hospital financial management, it is required to become an inexpensive and quality public service institution. Based on the concept of PP No. 12 of 2019, the government hospital has undergone a change as a Regional Public Service Agency. This institutional change has an impact on financial accountability no longer to the ministry of health, but to the ministry of finance. Financial reporting must comply with Financial Accounting Standards, so financial technical management must also be carried out with reference to the principles of accountability, transparency and efficiency. The budget prepared by the Hospital must also be prepared on a performance-based basis.

Based on these principles, the technical aspects of financial management need to be supported by a good and sustainable relationship between the hospital and the government and stakeholders, especially in determining the cost of health services which include unit cost, efficiency and service quality. What needs to be considered again is the existence of an audit or examination not only from an independent party on financial reporting but also a clinical audit.

Some things that must be prepared for a hospital to become a BLUD in the financial aspect are:

- a. Rate determination must be based on unit cost and service quality.
Hospitals must be able to carry out cost tracing for the determination of all kinds of rates stipulated in the service. So far, the aspect of determining tariffs is still based on budgets or government subsidies, so there is still a cost culture that does not support improving performance or service quality. The preparation of hospital rates should be based on unit cost, market (consumer's ability to pay and the chosen strategy). The tariff is expected to cover all costs, apart from the expected subsidies.
- b. Budgeting must be based on cost accounting, not only based on subsidies from the government. Thus, budgeting must be based on indicators of input, process and output.
- c. Prepare financial reports in accordance with PSAK 45 which is prepared by professional accounting organizations and is ready to be audited by an Independent Accounting Firm, not audited by the government.
- d. An indicator-based and evidence-based remuneration system.

In preparing the remuneration system for regional public hospitals, it is necessary to have a rationale that the level of remuneration is based on the level, namely level one is the basic salary which is a means of

guaranteeing safety for employees. Basic salary is not affected by hospital income. The second level is incentives, namely as a means of providing motivation for employees. The provision of these incentives is strongly influenced by hospital income. The third level is a bonus as a means of giving rewards to employees. The provision of this bonus is strongly influenced by the level of hospital profits. With the implementation of the institutional change to become a Regional Public Service Agency, in the technical aspect of finance, it is hoped that the hospital will provide quality assurance and cost certainty leading to better health services.

In order to improve the performance of regional budgets, one important aspect is the issue of regional financial management and regional budgets. For this reason, regional financial management is needed that is able to control regional financial policies economically, efficiently, effectively, transparently and accountably. The principles underlying the management of state/regional finances should always be firmly adhered to and implemented by government administrators, because basically the community has basic rights over the government.

2.3 Hospital Performance Assessment System

The performance appraisal system through indicators is one of the tools that can be used to continuously assess a process of BLU Hospital activities. As a regional-owned hospital, the hospital BLUD must be able to provide information that describes the hospital's progress over a certain period. The performance of BLUD hospitals refers to the Decree of the State Minister for the Utilization of SOEs No. KEP215/M.BUMN/1999 dated 27 September 1999 and refined through the Decree of the Minister of SOEs No. 100/MBU/2002 dated June 4, 2002 regarding the assessment of the health level of State-Owned Enterprises, which was then adjusted to the type and nature of hospital activities through Kepmenkes No. 550/Menkes/SK/VII/2009 concerning Guidelines for the Preparation of Business Plans and Budgets (RBA) for Hospital Public Service Agencies. Types of indicators assessed for hospital BLU according to Kepmenkes No. 550/Menkes/SK/VII/2009 covers three aspects, namely: Financial Performance Indicators (score 20), Operational Performance Indicators (score 40), performance indicators of service quality and benefits to the community (score 40).

2.4 Relevant Previous Research

Previous empirical research, used as study material in this study are as follows:

Meidyawati, in her research entitled Analysis of the Implementation of Financial Management Patterns for Public Service Agencies (PPK-BLU) at the Bukit Tinggi National Stroke Hospital; where the results of the study indicate that the hospital has implemented a BLU financial management pattern in the form of governance, accountability, and transparency. Assessment of the National Stroke Hospital is seen from

3 (three) aspects, namely finance, service operations and improving service quality; very beneficial for service to the community by obtaining a performance value of "A" a score of 79.20 in the sense of "Healthy".

Indarto Waluyo, in his research entitled Public Service Agency: A New Pattern in Financial Management in Government Work Units. The results of the study indicate that by implementing the Public Service Agency Management Pattern (BLU), it will increase the potential of government work units effectively and efficiently by providing services to the public based on specific arrangements regarding government work units that carry out community services in various forms.

Freddy Samuel Kawatu (2020), the results of the study stated that the financial performance of Manado State University from 2017 to 2019 experienced a positive increasing trend with an average level of financial independence of 16.43%, while the growth of financial ratios, income and expenditure experienced fluctuating growth. and SILPA is increasing every year. This indicates that the capability and financial performance of Manado State University is still not optimal, so it is necessary to make more improvements in its financial management.

Madjid, et.al (2009) examined the financial performance of 69 hospitals belonging to the central and local governments, the results showed that in general the average current ratio, quick ratio, and debt ratio were quite good, but many BLUD RSUDs had ratio figures. below average compared to above average.

3 Research Methods

This study uses a qualitative approach, with a descriptive analysis method. Data collection techniques, for this field research were carried out by observation and interviews as well as providing a list of questions (questionnaires) and structured statements to the respondents, both hospital leaders, employees and other stakeholders (hospital service users).

Secondary sources as a comparison material obtained from the Financial Performance Report and Service Operational Performance of the Maria Walanda Maramis Hospital in North Minahasa Regency. Secondary data were also obtained from journals, literature, related reports and other written works related to this research. Data analysis technique, using Balanced Scorecard Analysis (in this study did not use the deductive method, so there is no need for a hypothesis). After the data has been collected, data analysis can be carried out, using descriptive analysis methods.

4 Results and Discussion

4.1 Analysis of Governance Pattern Implementation.

Based on the results of the analysis of the implementation pattern of the Regional General Hospital (RSUD) Maria Walanda Maramis, North

Minahasa, it has been going quite well, but there are still weaknesses related to:

- a. The organization and management that have been built have not fully paid attention to organizational needs, mission and strategy development, and have not changed the paradigm of the work culture of organizational units in the Maria Walanda Maramis Hospital, North Minahasa. The hospital organization as a whole is not ready to change the paradigm from civil servants to entrepreneurs.
- b. In the implementation of accountability, not all proposals from the work unit can be fulfilled so that the implementation of the main tasks and functions of the work unit has not reached the maximum target. Furthermore, there are still surrogate/follow-up programs from the Ministry of Health that must be carried out by hospitals that require coordination in their implementation and require time to realize them. Then the programs that have not achieved the planned targets have not been evaluated for the causes and constraints.
- c. The formulation of targets has not been in line with the formulation of policies, this can be seen in the policy of the hospital management system starting from four perspectives of the balance score card (financial, customer, internal business, and learning and growth).

4.2 Analysis of Financial Report Implementation.

The accounting system and financial reports of regional public service agencies (BLUD) are organized in accordance with the Financial Accounting Standards (SAK) issued by the accounting profession association. If there is no accounting standard, the BLUD can apply industry-specific accounting standards after obtaining approval from the Minister of Finance. The BLUD Accounting and Financial Reporting System is regulated in the Minister of Finance Regulation Number: 76/PMK.05/2008 and the Hospital BLU Accounting Guidelines issued by the Directorate General of Medical Services Development, Ministry of Health. For integration of BLU Financial Reports with Financial Reports of State Ministries/Institutions, BLUDs must develop a financial accounting sub-system that produces financial reports according to SAP every semester and year.

For the consolidation (consolidation) of BLUD financial statements with the financial statements of ministries/institutions, it is carried out in accordance with Government Accounting Standards (SAP), accompanied by financial statements in accordance with SAK. The BLUD's annual financial report is audited by an external auditor. BLUD financial reports include budget realization reports/operational reports (activity reports), balance sheets, cash flow reports, and notes to financial reports and performance reports. The financial statements of the Maria Walanda Maramis Hospital, North Minahasa, have been audited annually by an independent auditor and since becoming a BLUD from 2021 there has been no unqualified opinion.

The analysis of the financial statements prepared by the Maria Walanda Maramis Hospital, North Minahasa, was in accordance with the Regulation of the Minister of Finance and the Hospital BLUD Accounting Guidelines. However, there are still some things that become limitations/obstacles in the preparation of these financial statements, namely:

1) BLU is required to compile financial reports with SAK which is accrual basis and SAP which is cash basis for consolidation purposes, both of which have different accounting systems and estimates that make it difficult for hospitals to make adjustments for consolidation with financial statements with Ministries/Institutions, so that consolidation can only be carried out on an estimated balance sheet, while for the Maria Walanda Maramis North Minahasa Regional General Hospital, it has not yet developed a Cost Accounting System to produce information on the cost of goods manufactured, unit cost per service unit, and variance evaluation, which very important for planning and control, decision making, calculation of service rates and remuneration.

2) The review of financial reports conducted by the Internal Audit Unit (SPI) is still not optimal because the SPI has not been fully supported by human resources who meet the competency qualifications to review financial statements.

4.3 Performance Analysis of Maria Walanda Hospital Maramis

Overall, the performance score obtained by the Maria Walanda Maramis Hospital, North Minahasa, after becoming a BLUD, there was an increase in the performance value obtained in the first year by 1.65 points, the second year 3.20 points, although there has not been a significant increase, the hospital remains in the "HEALTH" level of health with an A grade.

The implementation of PK-BLUD at the Maria Walanda Maramis Hospital, has only been running for almost 1 year, becoming a gradual BLUD in 2020 and a full BLUD later in 2021. The status of the hospital BLUD has been obtained without being preceded by the readiness of all hospital parties to make various changes according to with the government's goal of making the hospital a BLUD, so that changes and adjustments that need to be made are slow and gradual. Improvements to the performance data collection system need to be carried out, especially to produce accurate and reliable performance scores for decision making. Increasing the value of financial performance, services, service quality and benefits to the community cannot run by itself, because it is closely related to other aspects such as increasing transparency and accountability, implementing good governance, improving the quality of human resources, placing employees in accordance with with the required competencies, good and orderly resource management and the reliability of performance data sources.

Furthermore, professional management support is urgently needed, which has a commitment to always focus on improving performance. Although there has not been a significant change in hospital performance

indicator values, PK-BLUD has provided benefits for the smooth delivery of services to patients, including:

1) PK-BLUD provides flexibility in the use of funds, where the hospital can use the funds obtained from its operations without having to first deposit it into the state treasury and through a bureaucratic procedure for disbursing a long and time-consuming disbursement, which in turn disrupts hospital operations due to running out of funds.

2) PK-BLUD simplifies the process of procuring goods and services, especially medicines and consumables which routinely must be available quickly because hospitals can make purchases directly from distributors, so they can get cheaper prices and official discounts on invoices (discount on faktur) causes the selling price of drugs charged to patients to be cheaper. PK-BLUD provides hospital flexibility to cooperate in the form of joint operation (KSO) or memorandum of understanding (MoU) with third parties. With KSO/MOU, the process of obtaining equipment becomes easier, does not require long bureaucracy and if there is damage/disruption to the equipment provided by the KSO, the company will immediately repair/replace it, so as not to interfere with the smooth running of services to patients.

4.4 Perspective Financial Performance Measurement

Liquidity Ratio:
 Current Ratio = $\frac{\text{Current Asset}}{\text{Current Liabilities}} \times 100$ (1)

$$= \frac{25.458.051.553}{7.561.380.447} = 3.36$$

Based on the calculation above, the current ratio of Maria Walanda Maramis Hospital is 3.36, meaning that the total current assets are 3.36 times short-term liabilities or each short-term liability of Rp. 1.00 guaranteed by current assets of Rp 3.36. If it is seen from the standard size of the hospital that the normal value of the current ratio is 1.75 - 2.75, it can be said that the current ratio of Maria Walanda Maramis Hospital has a good current ratio compared to the standard current ratio of hospitals. It can be interpreted that the ability of the Maria Walanda Maramis Hospital, North Minahasa Regency in guaranteeing current liabilities is very good.

Solvability Ratio:
 Debt to equity ratio = $\frac{\text{Total liabilities}}{\text{Total Equity}} \times 100$ (2)

$$= \frac{7.561/380.447}{40.019.432.000} = 0.188$$

Based on the calculation above, it can be seen that the Total Debt to Equity Ratio is 0.188. The greater the ratio of liabilities to equity, the better the company's ability to survive in bad conditions and still be able to meet its obligations to creditors. The value of the debt-to-equity ratio of 1, states that the liabilities and owner's equity have the same value. In other words, if the company has a loss equal to the amount of its liabilities,

then the company's total assets remaining to creditors will be equal to the amount of their claims on these assets. Thus, it can be said that the debt-to-equity ratio of RSUD Maria Walanda Maramis, North Minahasa Regency is still quite good.

Activity Ratio:
 Total Assets Turnover = $\frac{\text{Sales (income)}}{\text{Total Asset}} \times 100$ (3)

$$= \frac{3.760.657.205}{70.617.821.839} = 0.053$$

Based on the calculation above, it can be seen that the Total Assets Turnover at the Maria Walanda Maramis Hospital is 0.053 which means that for every Rp. 1, the fixed assets rotate 0.053 times a year. The standard size of total asset turnover is 0.9 to 1.1 times. Thus, it can be said that the total asset turnover at the Maria Walanda Maramis Hospital is still low.

5 Conclusion

This study aims to determine the implementation of the pattern of financial management of the Regional Public Service Agency of Maria Walanda Maramis Hospital, especially in terms of 2 (two) aspects, namely financial performance and service operational performance. The implementation of the financial management of the Regional Public Service Agency of the Maria Walanda Maramis Hospital has been running effectively according to the regulations of the Ministry of Finance and the Ministry of Health, although it has not been optimally useful for public services.

The results of financial performance are in accordance with the guidelines for evaluating the performance of the Regional Public Service Agency (BLUD) in the field of Health services, where the Current ratio of Maria Walanda Maramis Hospital is 3.36, meaning that the total current assets are 3.36 times short-term liabilities or each short-term liability of Rp. . 1.00 guaranteed by current assets of Rp 3.36. Thus, it can be said that the debt-to-equity ratio of RSUD Maria Walanda Maramis, North Minahasa Regency is still quite good. Total Debt to Equity Ratio or debt to equity ratio, where the ability of the Maria Walanda Maramis Hospital is 0.188. The greater the ratio of liabilities to equity, the better the company's ability to survive in bad conditions and still be able to meet its obligations to creditors. The value of the debt-to-equity ratio of the Maria Walanda Maramis Hospital, North Minahasa Regency is still quite good.

Total Assets Turnover or total asset turnover at the Maria Walanda Maramis Hospital was obtained 0.053 meaning that for every IDR 1.0, the fixed assets rotated 0.053 times a year. The standard size of total asset turnover is 0.9 to 1.1 times. It can be said that the total asset turnover at the Maria Walanda Maramis Hospital is still low. Service operational performance in customer perspective based on the balanced scorecard at Maria Walanda Maramis Hospital in North Minahasa Regency, where most of the respondents said they were

satisfied, as many as 66.45%; while respondents who stated that they were very dissatisfied 3%, were not satisfied 10.11%, and the remaining 20.44% said they were very satisfied. The highest satisfaction value is in the friendliness of the officers and service announcements, while the lowest satisfaction value is in the complaint service variable. And when viewed from the average value of customer satisfaction as a whole is 3.07 which means the service is very good.

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