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The Direct Expenditures: Impact of Local Revenue and Special Allocation Fund

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Abstract

The government is encouraged to improve performance in financial management because of the demand to strengthen a good financial management and accountability system in order to produce transparent and accountable financial reports. This study aims to determine the effect of Local Revenue and Special Allocation Funds on Direct Expenditures on City Governments in West Java Province in 2015-2019. This study uses descriptive and verification methods with a quantitative approach. The sample in this study were 10 City Government Financial Statements in West Java Province for 5 years. This study uses technical analysis of Statistical Package For the Social Sciences (SPSS) data using IBM SPSS Statistics 21 Software. The results of this study indicate that Local Revenue has an effect on Direct Expenditure and Special Allocation Funds has an effect on Direct Expenditure.

Keywords: *Local Revenue, Special Allocation Funds and Direct Expenditures*



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INTRODUCTION

The strengthening of demands for a good financial management and accountability system encourages the government to improve the performance of Regional Work Units in order to produce good and transparent financial reports (Mardiasmo, 2002). The system is a network of interconnected procedures gathered together to carry out an activity or to complete a certain goal (Puspitawati & Sri Dewi Anggadini, 2011). Public accountability is the provision of information and disclosure of all financial activities and work of local governments to interested parties (Mardiasmo, 2002). So, accountability is required to be able to manage financial activities such as capital expenditures made by local governments (Mardiasmo, 2002).

Capital expenditure is a budget expenditure for the acquisition of fixed assets and other assets that provide benefits for more than one accounting period (Abdul, 2008). This definition is in accordance with the definition of capital expenditure according to Law no. 71 of 2010 concerning Accounting Standards. According to Law Number 71 of 2010, Capital Expenditures are budget expenditures for the acquisition of fixed assets and other assets that provide benefits for more than one accounting period. Therefore, capital expenditures cannot be carried out centrally because the needs of each local government are different; giving authority or autonomy granting each region is deemed necessary to meet the needs and equitable development (Idris et al., 2019).

Granting broad autonomy to local governments is directed at accelerating the realization of community welfare through improved services, empowerment and community participation. The principles of regional autonomy must be fulfilled by local governments, namely democratization, transparency, public accountability and community participation. This means that regional governments are given broad, real, responsible and proportional authority in regulating, sharing and utilizing national resources as well as balancing central and regional finances. Mutiah & Mappanyuki (2015) inform that Budget Revenue and State Spending (BRSS) should be prioritized for public service and local economic stimulus by the government as a spearhead as its implementation. Local governments are required to manage the budget in an efficient and effective in carrying out its duties related to increased productivity so that every expenditure is aimed at improving the quality of public services and encourage local economic growth (Mutiah & Mappanyuki, 2015).

In accordance with Article 1 point (h) of Law Number 32 of 2004 concerning Regional Government and Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments, it states that regional autonomy is the authority to regulate and manage the interests of the local community according to own initiative or community aspirations in accordance with statutory regulations. Original Regional Revenue is revenue obtained from the regional tax sector, regional levies, the results of regionally owned companies, the results of separated regional wealth management, and other legitimate local revenue (Mardiasmo, 2002)

The problems faced by the regions are generally related to extracting sources of local taxes and levies, which are one of the components of Local Revenue (PAD), which has not contributed significantly to overall regional revenues (Abdul, 2009). So far, the source of local revenue from the tax sector has not been managed properly, so that regional income has not been maximized. Poor budget performance results in an inefficient direct expenditure budget. Inappropriate management of the Special Allocation Fund so that the fulfilment of community needs is not evenly distributed. Peterson (1979) Local taxation and expenditure policies can have significant consequences for the economic health of a community. The existence of regional autonomy means that the Regional Government is required to be more independent, including being independent in financial matters; even so, the Central Government still provides assistance funds in the form of the General Allocation Fund (DAU), which is transferred to the Regional Government (Maimunah, 2006). In practice, transfers from the central government are the main source of funding for regional governments to finance regional operations, which regional governments "report" in budget calculations (Maimunah, 2006). The purpose of this transfer is to reduce the fiscal gap between governments and ensure the achievement of minimum public service standards across the country (Maimunah, 2006).

The Special Allocation Fund is regulated in Law of the Republic of Indonesia Number 33 of 2004 article 39, article 40 and article 41. Special Allocation Funds, which is a fund originating from the APBN allocated to regional governments to finance special activities which constitute 34 regional affairs and national priorities. The purpose of Special Allocation Funds is to reduce the burden on special activities that must be borne by the regional government (Anggraeni et al., 2009). The use of Special Allocation Funds is directed towards investment activities in the development, procurement, improvement, improvement of physical facilities and infrastructure for public services with long economic life; with the use of Special Allocation Funds for these activities, it is

hoped that it can improve public services that are realized in regional spending (Anggraeni et al., 2009). Aside from funding from the central government sourced from the State Budget (APBN), the efforts of local governments in optimizing Regional Revenue and Expenditure Budget (APBD) for the welfare of the community also must be able to explore the potential of Local Revenue (APBD). There is a phenomenon that occurs regarding the original regional income that decreases the original revenue of the Bekasi district in the 2019 APBD. In the 2019 APBD, the PAD target reaches 2.186 trillion, but this year's ABT target is reduced to 2.146 trillion (Muharam, 2019). According to Muharam (2019), the reduction in PAD is because the retribution sector in several OPDs has lowered the revenue target (Muharam, 2019). As in the One-Stop Integrated Service Investment Service (DPMP TSP) and the Youth and Sports Culture Tourism Office (Disparbudpora) (Muharam, 2019).

Furthermore, another case that occurred was in the district government of Enkerang, South Sulawesi, where there was a misappropriation of the special allocation fund of Rp. 39 billion by the Enkerang Regency government (Hendrianto, 2019). The Special Allocation Funds fund is provided by the Central Government to finance the construction of a weir for the Tabang River raw water network located in Maiwa Subdistrict, Enrekang Regency. Namely, the budget in question is used to finance closed pipeline irrigation activities, and the budget is split into 126 work packages (Hendrianto, 2019). The Enrekang Regency Government is suspected of having violated Presidential Regulation (Perpres) Number 36 of 2015, which regulates the intended Special Allocation Funds budget allocation. In addition, 126 work packages financed using the Special Allocation Funds budget are also suspected of being fictitious (Hendrianto, 2019). Where several irregularities were found, including the auction process, the issuance of a Work Order (SPK) to a Budget Disbursement Order (SP2D) from the regional treasury to partner accounts, it was carried out earlier before the budget discussion stage (Hendrianto, 2019). The auction process until the issuance of a budget disbursement warrant will be carried out on September 18 2015, while budget discussions for project work until its approval will be carried out on October 30 2015 (Hendrianto, 2019). The Special Allocation Funds budget activity report is suspected of being manipulated, or fictitious reports carried out by partners in collaboration with the implementing committee, in this case, the PUPR Office of Enrekang Regency, to pursue budget disbursement before December 31, 2015 (Hendrianto, 2019). The progress of work in the field has only reached around 15-45 percent, some of which are still ongoing until early 2016 (Hendrianto, 2019). Not only that, almost 126 work packages using Special Allocation Funds were found not to be functioning (Hendrianto, 2019) so that the Enrekang community at large cannot take the principle of its benefits (Hendrianto, 2019). Until now, there are 9 pipeline work packages whose meter material is still on-site, and there is no work process (Hendrianto, 2019). Even the 6 other pipe installation work packages were known to have been disbursed, but the work was not carried out (Hendrianto, 2019).

Then the local government revenue from Bandung has not been maximized due to the fact that the income sources from the tax sector have not been fixed, PAD in the restaurant tax sector is believed to be the highest at IDR 300 billion, followed by land and building tax (PBB) which can penetrate IDR 200 billion as income against cash area (Sumarna, 2020). According to (Sumarna, 2020), the highest PAD is still taxed; like restaurant tax, we are targeting it to reach IDR 300 billion, and there is potential (Sumarna, 2020). Furthermore, it is calculated that Rp. 200 billion, including the unpaid PBB receivables, therefore the tax sector, must be addressed (Sumarna, 2020).

In addition, the Special Allocation Funds in the city of Bandung has not been on target because it has not fulfilled people with disabilities. According to (Yuningsih, 2019) the budget is used but not on target, which we think affects the quality of services, especially health in the city of Bandung for people with disabilities. In 2017, the budget allocation for the construction of Puskesmas reached Rp 52 billion, which came from two sources, namely Rp. 43 billion from the Bandung City APBD and Rp. 9 billion from the Health Sector Special Allocation Fund (Special Allocation Funds)(Yuningsih, 2019). In 2018, the total budget allocation for its Puskesmas Development Activities decreased slightly to IDR 34 billion, and several fundamental problems were still found related to accessibility and health services for people with special needs (Yuningsih, 2019).

Then the R-APBD performance of the Bandung city government in 2020 is not better in 2018 (Darmajaya, 2019). Especially seen from the composition of direct spending (BL) and indirect spending (BTL) (Darmajaya, 2019). Therefore, he recommended that the composition of the spending component in 2020 be made the same as in 2018, namely 62 percent for BL and 28 percent for BTL, and involves a relatively small portion of capital expenditure with goods and services spending (Darmajaya, 2019). In addition, the recommendation for the city government of Bandung is that it is necessary to restore the Capital Expenditure ratio of 37 percent (Darmajaya, 2019). In fact, if we examine it more deeply, infrastructure capital spending is actually correlated with economic growth and the addition of regional assets (Darmajaya, 2019).

This research is motivated by previous research conducted by Hendrianto (2019); **1** the results of their research suggest that PAD has a positive effect on Direct Shopping. Furthermore, according to (Yuningsih, 2019) the results of their research suggest that PAD has a direct effect on direct spending. While the results of research by Anggraeni et al. (2009) reveal that the Special Allocation Fund has no significant impact, the specific target of this study aims to determine the performance of the Local Government and improve the financial performance of the Local Government.

LITERATURE REVIEW

Local Revenue

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According to Mardiasmo (2002), Local Revenue states is revenue obtained from the regional tax sector, regional retribution, the results of regionally owned companies, the results of separated regional wealth management, and other local revenue legitimate. Meanwhile, according to Djaenuri (2012), Local Revenue (PAD) means that revenue obtained by a region from sources within its own territory is collected based on regional regulations in accordance with applicable laws and regulations. Putri (2019) pure regional income affect the Government Expenditures; it is indicating that the pure regional income is a major earner for a region to meet the expenditure. Pure regional income can simultaneously showed the level of independence of a region. The more revenue gained could allow the region to meet the needs of their government expenditures without having to depend on the central government, which means it shows that local governments have been able to be independent, and vice versa.

Special Allocation Funds

The definition of Special Allocation Funds, according to Yuningsih (2019) and (Kuntari et al., 2019), are funds sourced from the APBN which are allocated to certain regions with the aim of helping to fund special activities which are regional affairs and in accordance with national priorities. The meaning of Special Allocation Fund, according to Government Regulation no. 55/2005, is funds sourced from APBN revenues allocated to certain regions that have special needs with the aim of helping to fund special activities which are regional affairs in accordance with national priorities. Dewi (2015) Fund balance is the embodiment of a financial relationship between central and local government. One of the fund balance is the Special Allocation Fund, is sourced from the state budget funds allocated to local governments to finance specific activities as a matter of local and national priorities. Special Allocation Funds goal is to reduce the burden of the cost of specific activities that must be borne by the local government. Utilization Special Allocation Funds investment activities directed to the development, procurement, improvement, improvement of the physical infrastructure of public services with long economic life (Romualda et al., 2019).

Direct Expenditures

According to Erlina et al. (2015), direct expenditure is budgeted expenditure that is directly related to the implementation of programs and activities. According to Darise n., (2008) states that direct expenditure is expenditure whose budgeting is directly influenced by the existence of a program or activity so that the expenditure group is found in all SKPDs as budget users. Syam et al., (2018) One measure of the quality of good government spending is the proportion of larger capital expenditure allocations for overall local spending. The allocation of capital expenditure is aimed at building infrastructure that impacts the improvement of public services, which in the long run improves the welfare and quality of human development (Kuntari et al., 2019).

The Effect of Local Revenue on Direct Expenditures

Abdul (2014) states that the problems faced by regions are generally related to extracting sources of local taxes and levies, which are one of the components of Local Revenue that still have not made a significant contribution to regional revenue as a whole. Yuningsih (2019) also state that revenue is the main part of a budget, both for business and government entities. The Local Revenue is a target to be achieved to finance the Regional Expenditure budget. According to Syam et al. (2018), it is stated that the existence of local revenue will make a large contribution to direct expenditure. This agrees with Kuntari et al. (2019) that the higher the local revenue, the higher the direct expenditure. This statement is supported by research according to Mutiah & Mappanyuki (2015) and Dewi (2015).

Regional Original Special Allocation Fund for Direct Expenditure

According to Darise n.(2011), the Special Allocation Fund is a Fund sourced from the APBN allocated to regional governments to finance special activities, which are regional affairs and national priorities. Special Allocation Funds is intended to help finance special activities in certain regions, which are regional affairs and in accordance with national priorities, in particular, to finance the needs of basic public service facilities and infrastructure that have not reached certain standards or to accelerate regional development. It is hoped that the direction for the use of Special Allocation Funds for these activities can improve public services that are realized in capital

expenditures. Romualda et al., (2019) Funds originating from the APBN (central government) for the distribution of financial capacity between regions to fund regional needs in the context of decentralization are carried out optimally by the regions. It can also be explained that the greater the Special Allocation Fund in an area, indicating that the region has a specific target, especially in the field of development related to regional economic equality, increasing the provision of physical infrastructure and facilities so that it can be concluded that if the economy is more evenly distributed an area, the higher its economic growth. The above statement is supported by previous researchers Romualda et al. (2019) whose research results suggest that the Special Allocation Fund has a positive and significant effect on direct spending. Meanwhile, previous research from Handoko et al. (2017) found that the Special Allocation Fund had a negative effect on direct spending.

Based on the theoretical basis and framework above, the authors make the following hypothesis:

H1: Local revenue has an effect on Direct Expenditures.

H2: Special allocation fund has an effect on Direct Expenditures.

RESEARCH METHODS

The method in this research uses descriptive and verification methods with a quantitative approach, namely the results of the research, which are then processed, and conclusions drawn. By using these research methods, it will be known that a significant relationship between the variables studied will produce conclusions that will clarify the description of the object under study. The object of research is something that becomes the target to obtain data according to certain objectives and uses that are objective, valid and realistic. So the objects in this study are the influence of local revenue, Special Allocation Funds and direct spending. The unit of analysis is a place where the authors collect data, and the data can be used for research. The unit of analysis in this research is the City Government in West Java Province. Sources of data used by researchers are secondary data sources because researchers use data obtained indirectly given to data collectors (researchers) but through documents or have been processed first. The data collection techniques used by researchers in this study were Documentation Research and Library Research.

Population is a generalization area consisting of objects/subjects that have certain characteristic qualities that are determined by the researcher to study and then draw conclusions. The selection of the population is considered representative enough to provide the data needed in the study. The unit of analysis in this study is the City Government in West Java Province. Selection of the sample using purposive sampling and from the predetermined criteria, the sample in this study was 9 districts and cities with the financial reporting period of the realization of the regional budget for revenue and expenditure for 5 years (2015-2019) so that the sample size was 45 financial reports of the realization of the annual APBD budget. Researchers analyzed the data described using a quantitative approach using multiple linear regression analysis, classic assumption test, correlation test, and determination coefficient tests. Based on purposive sampling that has been carried out, the number of district and city governments that fall into the sample criteria in This research consists of 9 regencies and cities with a financial reporting period realization of regional revenue and expenditure budget for 5 years (2015-2019) so that the number

of samples is 45 financial statements of budget realization Annual APBD (9 x 5) is considered representative for testing in this research.

Multiple Linear Analysis

In this study, multiple linear regression analysis is used to prove the extent of the relationship between Local Revenue and Special Allocation Funds on Direct Expenditures. Multiple linear regression is useful for analyzing when there are more of one independent variable (X) and one dependent variable (Y). To find out an overview of the relationship between variables X1 and X2 on (Y). According to Narimawati (2011) states that "When using multiple linear regression, there must be more than two variables to be tested for the linear relationship between these variables." For the record, in multiple linear regression, the independent variable must be more than one, but the dependent variable is allowed only one variable, where the regression equation for the two predictors is as follows:

$$Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \varepsilon$$

Source : (Narimawati, 2011)

Information:

- Y : Direct Expenditure
 α : Constant or when $X_{1,2} = 0$
 $\beta_{1,2}$: Regression coefficient
 x_1 : Local Own Income
 x_2 : Special Allocation Fund
 ε : Confounding factors outside

Correlation Analysis

According to (Sugiyono, 2018) correlation analysis aims to shows the degree of association (closeness of the relationship) that occurs between Local Revenue and the Special Allocation Fund for Direct Expenditures. The correlation method used in this study is the Pearson product-moment correlation analysis.

Interpretation of the correlation coefficient:

- If $r = -1$ or close to -1 , then the relationship between the two variables is strong and has the opposite relationship (if X increases then Y falls or vice versa).
- If $r = +1$ or close to $+1$, then the relationship between the two variables is strong and has a unidirectional relationship.

Analysis of the coefficient of determination

Analysis of the Coefficient of Determination (KD) is used to see how much the independent variable Local Revenue (X1), Special Allocation Fund (X2) affects the dependent variable Direct Expenditures (Y), which is expressed as a percentage. The coefficient of determination, in essence, measures how far the model's ability to explain the variation in the dependent variable. The amount of the coefficient of determination is calculated using the following formula:

$$Kd = \beta \times \text{Zero Order} \times 100\%$$

Information:

Kd : Coefficient of Determination

Beta : Beta Value

Zero Order : Value of Zero Order

FINDINGS AND DISCUSSION

Descriptive Analysis

The average figure for Local Revenue in City Government in West Java Province for the period 2015-2019 is IDR 870,070,440 with a standard deviation rate of 839,841,359,97699. The highest Local Revenue figure, amounting to IDR 3,273,595,338 owned by Bekasi City in 2019 Bekasi increased due to an increase in tax revenue, namely from the restaurant tax, entertainment tax, advertisement tax. Retribution income has increased from the revenue post Public Service Levies, Certain Permits Retribution. The revenue from the management of separated regional assets has increased from the Tirta Patriot Regional Drinking Water Company, Sharia BPR, PT. Sincity of Patriot Bekasi. And other revenue from legitimate PAD has increased from the results of the sale of regional assets that are not separated, tax fine income, BLUD income, while the lowest Local Revenue figure is Rp. 116,167,055 owned by the City of Banjar in 2018, The city of Banjar declined due to a decrease in income from Other sectors - Other Legal PAD.

Tabel 1
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Local Revenue	45	116167055.00	3273595338.00	870070440.05	839841359.97
Valid N (listwise)	45		0	78	699

The average figure for Special Allocation Funds to City Governments in West Java Province for the 2015-2019 period is IDR 134,850,975 with a standard deviation rate of 134024701,93792. The highest number of Special Allocation Funds, amounting to IDR 500,779,020 owned by the City of Bandung in 2019, the number of Special Allocation Funds in the Bandung City government has increased Special Allocation Funds in the Education Sector, Special Allocation Funds in the Health Sector, Special Allocation Funds in the Health Sector, Special Allocation Funds in the Field of Sanitation Infrastructure, Special Allocation Funds in the Field of Irrigation Infrastructure, Special Allocation Funds for the Environment, Special Allocation Funds for Drinking Water Infrastructure, Special Allocation Funds for Family Planning, Special Allocation Funds for Tourism, Special Allocation Funds for Population, the lowest number of Special Allocation Funds that is owned by Depok City of Rp0 in 2019 due to incomplete details of the formulation of regional regulations in the. The average figure for Direct Expenditures for Municipal Governments in West Java Province for the period 2015-2019 is IDR 2,361,233,195 with a standard deviation rate of 6758139553.09702. The highest direct expenditure figure, namely Rp.46,220,378,209 owned by the city of Bandung in 2016, the number of direct spending in the government of the city of Bandung

has increased due to personnel spending, goods and services spending, model shopping, the lowest direct spending figure, namely Rp.395,977,565 owned by the City of Banjar in 2015 the number of Direct Expenditures in the Banjar City government has increased due to goods and services and capital expenditures rising in that year.

1 **Tabel 2**
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Special Allocation	45	.00	500779020.00	134850975.584	134024701.937
Valid N (listwise)	45			4	92

Verification Analysis

Statistical testing is carried out using multiple regression analysis through the following stages: Classic assumption test, multiple regression analysis, correlation analysis, determination analysis, and hypothesis testing. The test was carried out with the help of SPSS (Statistical Product and Service Solution) Version 21 software.

The Effect of Local Revenue on Direct Expenditures

The results of hypothesis testing show that there is an effect of local revenue on direct spending. The relationship between Local Own Income and Direct Expenditures is 0.867, which results are included in the interval score between 0.80 - 1,000, meaning that there is a very strong correlation between Local Own Income and Direct Spending.

Table 3.
Partial Hypothesis Testing between Local Revenue and
Direct Expenditure

Model	t arithmetic	t table	Sig	A	Description	Conclusion
X ₁ →Y	11,260	2,018	0,000	0,05	Ho rejected	significant

The positive calculation results between the two variables above indicate that there is a direct relationship between Local Revenue and Direct Expenditures, where if Local Revenue increases, Direct Expenditures will also increase, meaning that the higher the Local Revenue, the higher the Direct Expenditure and vice versa. Then the large percentage of the influence of Local Own Revenue on Direct Expenditures is 74.6 percent, while the remaining 25.4 percent is the influence given by other factors not examined in this study such as Special Allocation Funds, Local Taxes, Terminal Levies, Retribution. Parking, Separated Regional Assets and others.

These results prove and answer the phenomenon that has been previously stated, namely the source of local revenue in the city of Bandung; in 2019, the tax sector problem has not been fixed so that regional income has not been maximized, causing a decrease in Regional Spending. On the other hand, there are other factors that can be investigated in more depth besides the decrease in Local Revenue, which causes a decrease in Direct Expenditures on City Government in West Java,

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namely because of the absorption of regional revenue sources from the regional tax sector, regional levies, the results of separated regional wealth and other - other legal regional income (Doamekpor, F.K.,fdai, 2007).

This is in accordance with the theory stated by (Abdul, 2014) which states that the problems faced by regions are generally related to extracting sources of local taxes and levies, which are one of the components of Local Revenue that still have not made a significant contribution to revenue of the area as a whole. Yuningsih (2019) also state that revenue is the main part of a budget, both for business and government entities. The Regional Revenue Budget is a target to be achieved to finance the Regional Expenditure budget. To increase capital expenditure, the local government is expected to continue to explore the sources of locally generated revenue so that dependence on the central government can be reduced and can improve the welfare of the community. Local governments are also expected to restructure human resources to reduce personnel expenditure by emphasizing quality over quantity so as to prioritize the allocation of regional spending to capital expenditure (Kuntari et al., 2019)

The Effect of Special Allocation Fund on Direct Expenditure

The results of hypothesis testing show that there is an influence between the Special Allocation Funds on Direct Shopping. The relationship between Special Allocation Funds and Direct Expenditures is 0.322, which results are included in the interval score between 0.20 - 0.399, meaning that there is a low relationship between Special Allocation Funds and Direct Expenditure.

Table 4.
Partial Hypothesis Testing between Special Allocation Fund and
Direct Expenditure

Model	t arithmetic	t table	Sig	A	Description	Conclusion
X ₂ →Y	2,203	2,018	0,033	0,05	Ho rejected	significant

The positive calculation results between the two variables above indicate that there is a direct relationship between the Special Allocation Fund and Direct Expenditures, where if the Special Allocation Fund increases, Direct Expenditures will also increase, meaning that the higher the Special Allocation Fund, the higher the Direct Expenditure and vice versa.

Then the large percentage of the influence of the Special Allocation Funds on Direct Expenditures is 0.5 percent, while the remaining 99.5 percent is the influence given by other factors not examined in this study such as Local Revenue, Regional Taxes, Terminal Levies, Retribution. Parking, Separated Regional Assets and others. These results prove and answer the phenomenon that has been previously stated, namely the 2018 Special Allocation Fund for the City of Bandung for Community Health Center Development Activities decreased slightly to IDR 34 billion so that Direct Expenditures have decreased, and there are still some fundamental problems related to accessibility and health services for the community with special needs. On the other hand, there are other factors that can be investigated in more depth besides the decrease in the Special Allocation Fund, which causes a decrease in Direct Expenditures to the City Government in West Java, namely because the 2018 Special Allocation Fund for the City of Bandung for Puskesmas Development

Activities has decreased slightly to Rp.34 billion, so that Direct expenditure has decreased and there are still some fundamental problems related to accessibility and health services for people with special needs.

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This is in accordance with the theory stated by Darise n. (2011), which states that funds originating from the APBN are allocated to local governments to finance special activities, which are regional affairs and national priorities. Special Allocation Funds is intended to help finance special activities in certain regions, which are regional affairs and in accordance with national priorities, in particular, to finance the needs of basic public service facilities and infrastructure that have not reached certain standards or to accelerate regional development. It is hoped that the direction for the use of Special Allocation Funds for these activities can improve public services that are realized in capital expenditures. Local governments in Indonesia have significant authority overspending. Districts are required to spend 20% of their budgets on education and must spend their specific purpose capital grants in the indicated sectors but otherwise have discretion over expenditures (Lewis, 2018). Handoko et al., (2017) The use of Special Allocation Funds in the education sector is directed to support the implementation of compulsory education with main activities to finance the rehabilitation of school buildings. It was initially focused on the rehabilitation of the building but also on the construction of new classrooms. The special education allocation fund sector is intended to fund educational activities that become mandatory regional affairs and is a national priority with the aim of fulfilling minimum service standards of basic and secondary education facilities and infrastructure to achieve national education standards.

CONCLUSION

Based on the results of data analysis and the discussion that was carried out in the previous chapter, the researchers took the following conclusions:

1. Local Revenue has a very strong influence on Direct Expenditures in City Government in West Java Province for the 2015-2019 period and has a positive correlation, meaning that the higher the Local Revenue, the higher the Direct Expenditure will be followed. This happens because the original regional income has met the target, so that more allocations are for direct expenditure.
2. The Special Allocation Fund has a low influence on Direct Expenditures at City Government in West Java Province for the period 2015-2019 and has a positive correlation, meaning that the higher the Special Allocation Fund, the higher the Direct Spending will be followed. This happens because the Special Allocation Fund has met the standards that encourage the acceleration of regional development so that public services are met, which is realized in capital expenditures.

LIMITATION & FURTHER RESEARCH

This research has limitations, so it can be suggested for further researchers and the development of science as follows:

1. For Further Researchers

This research is recommended to add insight and deepen knowledge to be useful for those who need it, especially accounting students and is expected to be used as a comparison material that can help in the development of research related to the influence of Local Native Income, Special

Allocation Fund on Direct Spending. In addition, the authors also suggest adding to the results of the study, adding objects studied and also adding to the research period.

2. For The Development of Accounting Science

The results of this study are recommended to be a reference for further researchers and can provide useful information for the development of science, especially in the field of accounting regarding the influence of Local Native Income, Special Allocation Fund on Direct Expenditure.

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