

## THE ROLE OF BUDGETING AS FUND VISUALIZATION IN THE PLANNING CONCEPT OF HEALTH ORGANIZATIONAL SERVICES

YUSRI YUSRI<sup>1</sup>, MUHAMMAD RIZWAN NUR<sup>2</sup>, ANGGA HARIS SETIAWAN<sup>3</sup>, ELSY<sup>4</sup>

<sup>1,2,3,4</sup> Universitas Sari Mulia, Banjarmasin, Indonesia

Corresponding email: [yusri020286@gmail.com](mailto:yusri020286@gmail.com)

**Abstract.** One of the important cycles for health organizations and other business entities is budgeting where the budget can help activities to be planned and provide an overview for implementers regarding the number of funds to be operationalized to realize an activity, especially in health organization services so that the realization of activity with a plan will running according to the budget set. Health organizations need to create a budget which is a visualization of the activation process with a sketch of the plan such as a budget map in the annual budget. The budget aims to encourage, facilitate and coordinate economic activities in accelerating the acceleration of a service. The method used is library research or literature review. The results of the study conclude that the budget can provide direction as a working guide and provide targets to be achieved by the health organization's service activities in the future as well as the budget as a comparison or benchmark in assessing the realization of the health organization's service activities, strengths, and weaknesses.

**Keywords** Budgeting -; Fund Visualization -; Planning Concept.

### INTRODUCTION

When we manage an organization, we will certainly face problems related to finances. The function of management is to plan, organize, and control so that the organization can achieve the goals that have been set. Financial planning and control are very important to do to guard the continuity of a good organization. Budgeting or budgeting (budgeting) is the process of preparing an organization's financial plan which is carried out by compiling a work plan within a certain time frame, generally one year and expressed in monetary units. Budgeting is part of the organizational planning process which generally includes strategic planning, programming, and budgeting. <https://www.library.ut.ac.id/lib/wp-content/uploads/pdfmk/EKAP4403-M1.pdf>

The budget that is made will fail if the following things are not considered: (1) Budgeting is incompetent, unable to think ahead, and does not have broad insight. (2) The authority in making the budget is not firm. (3) Not supported by the community. (4) Insufficient funds. <http://e-journal.uazy.ac.id/3428/3/2EA14301.pdf>.



There are three common mistakes in preparing a budget, namely:

1. Excessive projection.

Many cases show the practice of large companies over-projecting their potential profits in the future, one of which is Enron (an energy and commodity company from the United States). Unfortunately, these projections do not always run smoothly as expected.

Investors are often seduced by the numbers that are projected in the short term-until in the end the funded company shows some setbacks. You must set realistic projections in order to maintain the search for funds in the long term. The funds that have been channeled to the company must be used to realize profitable plans in the next few years.

2. Ignoring budget requirements in their entirety.

If your company needs US\$ 50,000 of funds to produce a market-ready product, don't apply for only US\$ 30,000. Potential investors and bankers will wonder about the reasons for funding a project that would fail without additional funding.

Bubble Dotcom has had a similar incident. The company had "burned money" at the beginning of the business without achieving a commensurate profit until finally giving up. Investors certainly want to grow a lot of money smartly rather than spending a little money on useless things.

3. Assuming income has a positive cash flow.

In almost every transaction, there is a time lag between the completion of the transaction and the collection of cash. This is a fact of business that you must run. Unfortunately, many businesses experience serious cash flow problems because they spend money they don't actually have. The thing that most often happens is a delay in payment for 30 days until the money can finally be disbursed in the bank. It takes wisdom and visionary views to protect the continuity of the company, especially in terms of budgeting.

<https://crmsindonesia.org/publications/3-error-yang-often-do-when-mengusun-budget/>

## METHOD

In collecting materials, the data in this study were obtained by collecting written materials published by the research institutions, either in the form of journals, articles on various websites. The research method is based on literature studies on literature reviews of several research journals, books and other reading sources. The type of data used is secondary data. The data collection method is a literature study from several existing journals and books. The data obtained are compiled, analyzed to get a conclusion.

## RESULTS & DISCUSSION

The results of research by Abdul Kani, Dewi Marhaeni Diah Herawati, Laksono

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Trisnantoro (2012) stated that the role of management in planning and budgeting is still weak. This is due to a lack of training on budgeting and accurate data on health issues. Coordination in management planning is still weak because it does not involve the Puskesmas, so that there is overlap between programs. The planning and budgeting made by the Health Office were revised by the Regional Government Budget Team because it was considered less convincing, besides that it was due to the limited APBD budget. The DPRD was unable to help increase the budget for the health sector. The realization of the budget obtained by the Health Office in 2006, 2007, and 2008 is still low. Conclusion: The management capacity of the Health Office in planning and budgeting is still weak and the DPRD has not succeeded in helping to increase the health budget. This results in a low health budget.

The results of research from Jasrida Yunita (2012) stated that the planning flow was not following the integrated planning steps, consultation was not optimal, direct technical guidance to Bappeda and coordination was still not optimal. For quality planning, it is necessary to guide the preparation of planning, consultation needs to be monitored by leaders, technical guidance is socialized and coordination meetings are held at the end of each year with cross-sectors.

The results of research from Rido Muid Riambedo, Chriswardani Suryawati, Septo Pawelas Arso(2020) stated: (1) budget planning at the BLUD of the Halmahera and Ngesrep Health Centers in Semarang City was not maximized; (2) The inhibiting factors include regulations, services, human resources, finance, infrastructure, leadership, and management of puskesmas. While the supporting factors include services, human resources, finance, support from the City Health Office; and (3) Efforts to overcome obstacles include internal and external efforts

Research results from Laode Ahmad Sukarna, Nanis Budiningsih, Sigit Riyarto(2006) said that some respondents stated that there are no human resources in the health officials who have adequate knowledge and ability to prepare budgets, advocacy, and lobbying, there are no quality sources of funds and computer facilities. specifically for planning, there are no structures and institutions that accommodate budget allocation activities and health is not a development budget priority in Muna Regency

Based on the results of research in several journals, there are still many who do not understand how the function and benefits of budgeting are. A budget is a tool for planning and supervising the management of an organization or agency. Therefore, the budget has several functions for the user and the environment. The public sector budget has several main functions, including as a planning tool, as an organizing tool, as a driving tool, and as a control tool. While the benefits of health budgeting if done well, some of the benefits



obtained such as by considering the ability of the budget, the preparation of plans can be more realistic and not excessive and can help the decision-making process (Ayu Laili Rahmiyati: 2021).

Meanwhile, Arul Azwar (1988) revealed that the benefits of budget planning can help regulate the use of resources, assist in decision making, assist in monitoring and supervision, assist in improving plans and clarify the delegation of authority. While the form of the budget plan that is generated by the budget plan can be different from one another. The form is determined by two things, namely:

#### 1. Details of the line items

The form of the budget plan is greatly influenced by the details of the budget items used. The details referred to are of many kinds, which differ from one plan to another. For example, personal costs, operational costs, costs of facilities and facilities, assessment costs and development costs.

#### 2. Budget format

The form of the budget plan is also influenced by the format used. The Proposed Activity List (DUK) for example consists of 11 pages, the Activity List (DIK) consists of 10 pages, the Project Proposal List (DUP) consists of nine forms, each of which has its number of pages, and the Project Proposal List (DIP). consists of 3 pages.

Although the types and forms of budget plans vary widely, the process taken in preparing a budget plan is no different. After the budget plan has been approved, the budget planning process is complete. The next activity that must be carried out is to carry out the budget plan, in such a way that the objectives of implementing a plan can be achieved satisfactorily. One form of budget planning is the system budget (System Budget) and the most popular is the Planning Programming Budgeting System (PPBS). In Indonesia PPBS is translated as the Planning and Budgeting Planning System (SP4). What is meant by PPBS is one of the administrative techniques in which planning, programming and budgeting carried out by an organization is tied into a system as an inseparable unit.

Budgeting is a basic financial document that is a quantitative elaboration of a work plan that will be carried out in the future which is used as a planning tool and used as an evaluation. With the method of budgeting, namely line item Budgeting, with the aim of controlling financial and oriented to organizational input, Planning programming budgeting system and zero based budgeting (with the aim of rationalizing the budgeting process), Performance based budgeting (budgeting system oriented to organizational output and related to closely to the organization's vision, mission, and strategic plans that allocate resources to non-unit programs), top down approach, participatory approach, fixed budget (total budget is assumed to be fixed for one period after approval and no adjustments), flexible budget (total budget can be revised if the assumption of activities



changes), zero based budgeting (budget structure from zero, adjusted to goals and objectives, not referring to the line item of the previous budget), historical budget (referring to the line item and total costs of the previous year or last year), targets based budgeting (budget is prepared based on the target to be achieved, the target is first prepared before the budget is made), Budget based targeting (the amount of the budget has been determined first, only after that the targets and types of activities are adjusted to the size of the available budget. The principle of preparing a budget based on priorities is to set program objectives, formulate detailed activities that need to be carried out to achieve these goals, determine what inputs or inputs are needed to carry out each of these activities by using a cost needs approach such as investment, operation, maintenance. for example tools, labor, medicine, consumables, travel costs), determine the volume of each of these inputs, determine the unit cost for each of these inputs and calculate the total cost required.

In the concept of planning services for health organizations, in preparing the budget it is also necessary to carry out a cost-benefit analysis and cost accuracy analysis as a benchmark in the realization of activities, strengths and weaknesses. The steps that can be taken (Arul Azwar: 1996), namely:

1. Formulate specific problems and objectives

The first step is to formulate the problems faced and the specific goals to be achieved. There are many kinds of problems in the health sector. Formulate the problem as well as possible. The formulation of a good health problem must be specific. In the sense that it can be measured. If the problem has been successfully formulated, continue with the specific goals to be achieved. Similar to the formulation of the problem, a good formulation of specific objectives must also be measurable.

2. Develop alternative problem-solving programs

The second step that must be done is to develop alternative programs that can be implemented to overcome the problems faced. As with specific goals, setting alternative programs is also not as easy as one might think

3. Calculate the required inputs and outputs generated from each alternative program that has been compiled.

a. Counting input

Calculating inputs that are all expressed as costs is not as easy as one might think. Many factors influence, including differences in estimating the cost. There are many kinds of program costs. In general, it can be divided into three types:

1. Simple costs are also distinguished into two types, namely direct costs and indirect costs.
2. Costs due to the occurrence of unexpected results
3. Costs that arise due to the loss of profits by not choosing another alternative as a way out and or because the available funds are not utilized to implement the other





alternative.

For example, to meet the needs of health workers, Rp. 1 million is available, which can be used to train 100 new nurses. For this reason, three kinds of nursing education programs are available, namely programs A, B and program C. From experience it is known that program A is more complete and therefore more difficult than program B, while program B is more complete and therefore more difficult than program C. both programs cost IDR 1 million, but the prices for the three programs are not the same. If program A is chosen, the program costs must be added to the cost of unexpected results, because if program A is chosen, it is certain that participants who do not pass will be higher than program B or C. Likewise if program B is chosen, unless it must be added with costs of unexpected result (some participants do not pass), the opportunity cost must also be added (because the program is not complete). The same calculation also applies to the cost of program C, even though there is no cost of unexpected result (all participants can pass) but the opportunity cost is quite high (because program C is not complete).

#### b. Calculating Output

As with input, calculating the resulting output is also not easy. For the health sector, the intended output is usually divided into two types, namely:

1. The effect on health is also divided into two types, namely personal health benefits and health care resources benefits in the future.
2. The effect on non-health, for example the social benefits obtained when a program is implemented

### CONCLUSION

From several research results and existing literature, it can be said that the budget is very important in designing a planning concept for an activity or project in the health sector to be carried out, which has a role as a guide for implementing activities within a certain period, usually one year, as a process through which organizational plans are realized in the form of currency values. Budgeting has a function as a working guide, where budgeting can provide direction and targets that must be achieved by program activities, as a tool for coordinating work so that all parts of a health institution can support each other and work well together to achieve the goals that have been set. established as well as a tool for work supervision, budgeting that functions as a benchmark, a comparison tool for assessing/evaluating the realization of health program activities.

Quantitative expression and visualization of organizational plan funds are the final product of the planning process and quite require special handling in most health care organizations, for this reason, reliable human resources are needed and can prepare a



budget for a work plan to be carried out so that it does not fail in the calculation or not following what was planned with its realization. It is necessary to have accounting personnel who can prepare this budget for every health service organization.

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