

# Effectiveness of Regional Financial Management in the Regional Government and Autonomy Bureau of the Regional Secretariat of Sumatera Province

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### ABSTRACT

This study examines the effectiveness of regional financial management within the Bureau of Government and Regional Autonomy of the Regional Secretariat of West Sumatera Province. The research aims to evaluate the bureau's fiscal governance performance and identify strategic priorities through SWOT analysis. Employing a descriptive qualitative approach, data were collected through observation, interviews, and documentation. The analysis revealed that financial management practices have generally complied with existing regulations; however, several limitations persist, including fragmented coordination, low digital literacy, and uneven human resource capacity. Strengths lie in the presence of clear regulatory frameworks and committed leadership, while weaknesses are primarily related to outdated administrative processes. Opportunities arise from ongoing digital transformation initiatives and e-governance policies, whereas threats include rapid regulatory changes and economic instability. The findings suggest that strengthening digital readiness, leadership capability, and inter-departmental integration can significantly improve the bureau's performance. This research contributes to the understanding of fiscal governance at the regional level and offers practical insights for policy reform and capacity development in decentralized public financial management systems.

### ABSTRAK

Penelitian ini bertujuan untuk menganalisis efektivitas pengelolaan keuangan daerah pada Biro Pemerintahan dan Otonomi Daerah Sekretariat Daerah Provinsi Sumatera Barat. Pendekatan penelitian menggunakan metode kualitatif deskriptif dengan teknik pengumpulan data melalui wawancara, observasi, dan dokumentasi. Hasil penelitian menunjukkan bahwa pengelolaan keuangan telah sesuai dengan regulasi yang berlaku, namun masih terdapat kendala berupa keterbatasan kompetensi sumber daya manusia, kurangnya integrasi digital, dan lemahnya koordinasi antarbagian. Analisis SWOT menunjukkan bahwa kekuatan utama biro ini terletak pada kepemimpinan yang berkomitmen dan kerangka hukum yang jelas, sementara kelemahannya terdapat pada sistem administrasi manual dan literasi digital yang rendah. Peluang muncul dari adanya kebijakan nasional terkait digitalisasi pemerintahan dan tata kelola keuangan berbasis teknologi, sedangkan ancaman berasal dari perubahan regulasi yang cepat dan ketidakstabilan ekonomi daerah. Penelitian ini menyimpulkan bahwa peningkatan efektivitas pengelolaan keuangan daerah memerlukan sinergi antara penguatan kapasitas aparatur, integrasi teknologi digital, dan adaptasi kelembagaan terhadap inovasi tata kelola keuangan publik.

## 1. Introduction

Regional autonomy in Indonesia represents a major structural reform that shifts governance from a centralized to a decentralized system. This transformation aims to empower local governments to optimize their regional potential, enhance public service delivery, and strengthen fiscal independence. Through the decentralization policy, regional governments are expected to design and implement development programs based on local needs while adhering to national goals. This mechanism is essential to achieving regional competitiveness and promoting

sustainable economic growth that benefits the broader population [1].

To ensure that local autonomy operates effectively, financial management becomes a key determinant of regional performance. A well structured financial management system enables local governments to plan, allocate, execute, and monitor budgets in alignment with public priorities. The government has therefore established several legal frameworks to regulate these processes, including Law No. 17 of 2003 concerning State Finance, Government Regulation No. 12 of 2019 regarding Regional Financial Management, and

Minister of Home Affairs Regulation No. 77 of 2020 concerning Technical Guidelines for Regional Financial Management [2]. These regulations collectively aim to strengthen transparency, accountability, and performance oriented budgeting in regional public administration.

In the Province of West Sumatera, the Bureau of Government and Regional Autonomy under the Regional Secretariat is responsible for overseeing financial administration, coordinating inter departmental planning, and ensuring compliance with the established fiscal policies. This bureau plays a strategic role in supporting the implementation of the Anggaran Pendapatan dan Belanja Daerah (APBD) or Regional Revenue and Expenditure Budget, which reflects both the government's fiscal discipline and its ability to address public demands efficiently. However, despite the existence of adequate regulatory frameworks, challenges such as overlapping programs, limited coordination among divisions, and lack of qualified human resources continue to impede optimal financial performance [3].

Effectiveness in financial management reflects the degree to which a regional government can achieve its financial goals and deliver measurable public benefits. In public sector management, effectiveness is not merely about spending allocated budgets but also about ensuring that expenditures translate into tangible development outcomes. It involves applying the principles of value for money, fiscal accountability, and integrity in all stages of financial operations. The inability to meet these principles often results in inefficiencies, unspent budgets, and poor policy outcomes that undermine regional development objectives [4].

Furthermore, the modernization of public financial management systems has become increasingly relevant with the advancement of information technology. Digital platforms, online reporting systems, and electronic budgeting tools now play critical roles in enhancing accuracy, timeliness, and transparency of financial data. The integration of such technologies allows for real time monitoring, reducing human error, and strengthening internal control mechanisms. Nevertheless, the adaptation to these innovations in regional financial offices remains limited, especially due to inadequate technical training and insufficient infrastructure [5].

In response to these challenges, evaluating the effectiveness of regional financial management becomes essential to identify areas that require improvement. This evaluation must not only consider quantitative indicators such as budget realization rates but also qualitative aspects, including institutional behavior, leadership, and coordination efficiency. By combining both dimensions, the analysis can provide a more comprehensive understanding of how regional

financial management systems operate within complex bureaucratic environments [6].

The SWOT analytical framework provides a structured approach for assessing internal and external factors influencing regional financial performance. It identifies strengths and weaknesses within the institution while examining external opportunities and threats that shape its fiscal environment. Applying SWOT analysis to the Bureau of Government and Regional Autonomy of West Sumatera Province allows for the identification of strategic priorities, helping policymakers design interventions that enhance efficiency and governance capacity [7].

This study contributes to the growing body of literature on regional public finance by offering empirical evidence on how institutional and regulatory factors interact to determine financial management effectiveness. The findings are expected to guide future policy formulation aimed at improving fiscal accountability, institutional transparency, and the overall performance of regional financial governance in Indonesia. Ultimately, strengthening regional financial management will not only support local autonomy but also reinforce national fiscal stability and sustainable public administration reform [8].

Although a significant body of literature has discussed regional financial management and public sector accountability, there remains a limited understanding of how these frameworks operate within the specific context of regional bureaucracies in Indonesia. Most prior studies have focused on quantitative budget realization or compliance based performance indicators, often neglecting the internal institutional dynamics that influence fiscal effectiveness. In the case of West Sumatera Province, few studies have provided an integrated analysis that connects institutional capacity, coordination mechanisms, and strategic management with fiscal performance outcomes. This gap underscores the need for a more comprehensive evaluation that captures both technical and behavioral aspects of financial management at the regional bureau level [9].

Another research gap lies in the absence of a multidimensional approach to assess financial management effectiveness in decentralized governance systems. While previous research has analyzed regional budget performance in general terms, there is limited empirical exploration of how internal strengths and weaknesses interact with external factors such as policy reforms, economic uncertainty, and administrative innovation. Consequently, the absence of strategic analytical tools in regional financial evaluation prevents decision makers from developing targeted improvements that align institutional capabilities with policy objectives [10].

The novelty of this study lies in the application of a SWOT (Strengths, Weaknesses, Opportunities, and Threats) analytical framework to evaluate the effectiveness of regional financial management within the Bureau of Government and Regional Autonomy of the West Sumatera Provincial Secretariat. By integrating internal and external dimensions of performance, this research introduces a comprehensive diagnostic perspective that allows policymakers to identify not only operational deficiencies but also strategic opportunities for reform. The incorporation of SWOT analysis in the context of public sector financial governance offers an innovative approach to bridging theoretical assessment with practical policy implications [11].

Additionally, this research contributes a new contextual understanding of how regulatory structures and institutional behavior influence fiscal efficiency in Indonesian provincial administrations. The study situates its findings within the evolving landscape of decentralization, offering empirical insights into how government agencies adapt to shifting fiscal regulations and technological demands. This focus on institutional responsiveness and adaptability extends the existing discourse on regional autonomy by revealing how bureaucratic reform and human resource capacity building directly affect the quality of financial governance [12].

The purpose of this research is to assess the level of effectiveness of regional financial management in the Bureau of Government and Regional Autonomy of West Sumatera Province, identify key internal and external factors influencing fiscal performance, and formulate strategic recommendations for improvement. By doing so, the study aims to strengthen the implementation of transparent, accountable, and performance based financial management systems in regional administrations. The findings are expected to serve as a reference for policymakers and practitioners seeking to enhance governance quality, fiscal discipline, and institutional effectiveness in the era of decentralization [13].

## **2. Research Method**

This study adopts a descriptive qualitative approach aimed at providing a comprehensive understanding of the effectiveness of regional financial management in the Bureau of Government and Regional Autonomy under the Regional Secretariat of West Sumatera Province. The qualitative design was chosen to capture the real conditions of policy implementation, internal coordination, and institutional dynamics that influence financial management effectiveness. This approach allows researchers to explore how regulations, human resources, and administrative structures interact in shaping the efficiency and transparency of regional fiscal governance.

The research was conducted at the Bureau of Government and Regional Autonomy, which is located in the Governor's Office Building, Padang City. The site was selected because of its strategic role in coordinating fiscal policy implementation across divisions within the provincial administration. The study focuses on analyzing financial management processes from planning, budgeting, and implementation to reporting and accountability. These stages reflect the complete cycle of public financial management, enabling a holistic assessment of the bureau's operational effectiveness.

### **2.1. Research Design**

The research design is based on a descriptive model, emphasizing explanatory interpretation of real world phenomena. The investigation seeks to present an accurate account of financial management practices as they occur in the natural setting of the bureau, without manipulation or intervention. Data were collected to understand the processes and interrelationships between planning, budgeting, execution, and reporting activities. Each observation and narrative was analyzed within the framework of regional autonomy policy implementation to capture the complexity of governance at the provincial level. The design also incorporates a diagnostic perspective by linking qualitative findings to the analytical framework of SWOT (Strengths, Weaknesses, Opportunities, Threats). This integration ensures that the descriptive results not only explain existing conditions but also provide evaluative insights for institutional reform. The combination of descriptive interpretation and strategic analysis strengthens the validity of the study by connecting observed behaviors and administrative realities with broader theoretical perspectives on fiscal decentralization.

### **2.2. Data Collection Techniques**

Data collection relied on three interrelated techniques: observation, interviews, and documentation. The observation process was carried out in the working environment of the Bureau of Government and Regional Autonomy to capture actual administrative procedures, including the stages of budget formulation, authorization, and accountability. Direct observation helped identify discrepancies between procedural regulations and operational practices, revealing practical constraints that hinder efficiency. This stage also allowed the researcher to witness how communication patterns and leadership influence budget execution and coordination among divisions.

In-depth interviews were conducted with key officials and staff responsible for financial planning, budgeting, and reporting. The interviews explored their understanding of policy frameworks, perceptions of challenges, and experiences with regulatory changes. Documentation analysis was applied to official

financial records, regulatory documents, and policy reports such as Government Regulation No. 12 of 2019 and Minister of Home Affairs Regulation No. 77 of 2020. The triangulation of these methods provides a coherent narrative that supports the credibility of the research findings and enhances data reliability across multiple sources.

### 2.3. Data Analysis Procedure

The study adopts the SWOT analytical framework as the main technique for interpreting qualitative data. This framework allows the researcher to systematically identify the internal and external factors that shape the effectiveness of regional financial management. Internal factors strengths and weaknesses are analyzed through institutional structures, human resource capabilities, and procedural adherence. External factors opportunities and threats are examined through policy changes, technological advancements, and macro economic stability. The synthesis of these dimensions provides a strategic map that clarifies the bureau's current position within the broader provincial fiscal system. Each set of qualitative findings obtained from observation, interviews, and documentation was categorized and interpreted according to the SWOT components. The coding process focused on identifying recurrent patterns and key themes that reflect institutional performance and adaptation capacity. Data interpretation was conducted iteratively, ensuring that every insight derived from the field was linked to conceptual constructs of effectiveness and governance quality. This analytical procedure ensures that conclusions drawn are logically grounded and empirically verifiable within the qualitative paradigm.

### 2.4. Validation and Reliability

To maintain methodological rigor, data triangulation and member checking were implemented. Triangulation involved comparing information from multiple sources observation records, interview transcripts, and policy documents to confirm consistency and reduce bias. Member checking was carried out by presenting synthesized interpretations to several informants within the bureau to verify accuracy and contextual relevance. This collaborative verification strengthens the authenticity of the findings and minimizes the influence of researcher subjectivity. Reliability was further reinforced through continuous reflection and documentation of analytical decisions during the research process. Every stage from data collection to interpretation was recorded to ensure transparency and traceability. The alignment between empirical data and theoretical perspectives on regional financial management enhances the overall trustworthiness of the study and demonstrates adherence to qualitative research standards recognized in public administration and financial governance studies.

### 2.5. Research Scope and Limitations

The scope of this study is confined to the analysis of financial management effectiveness within the Bureau of Government and Regional Autonomy at the provincial level. The focus on a single institutional setting allows for an in depth examination of contextual realities but limits the generalization of results to other regions or administrative levels. The study concentrates on qualitative interpretation rather than quantitative measurement, emphasizing meaning and process over statistical generalization. Despite these limitations, the findings provide substantial insight into the systemic challenges, opportunities, and reform potentials of regional fiscal management. The research contributes to a deeper understanding of how regulatory frameworks interact with institutional capacities to shape administrative outcomes. The methodological choices adopted in this study ensure that its conclusions are grounded in empirical reality while offering relevant implications for improving financial governance across decentralized public institutions in Indonesia.

## 3. Result and Discussion

The results of this study reveal that the effectiveness of regional financial management within the Bureau of Government and Regional Autonomy of the Regional Secretariat of West Sumatera Province is strongly influenced by the integration between regulatory compliance, administrative capacity, and coordination mechanisms across divisions. The findings show that the bureau has succeeded in implementing several key aspects of financial governance, such as adherence to budget procedures, timeliness in fund disbursement, and consistency in reporting. These achievements reflect a degree of procedural discipline aligned with the principles of accountability and transparency required in the management of public finances. Nevertheless, the data also indicate that the level of operational effectiveness is constrained by human resource limitations, uneven understanding of financial regulations, and overlapping responsibilities among departments that often delay administrative processes [14].

The analysis further demonstrates that leadership commitment and institutional culture play a crucial role in shaping the effectiveness of financial management. In divisions where leadership promotes collaboration and provides clear direction, financial planning and reporting processes tend to operate more efficiently. Conversely, divisions with less coordination experience delays in budget absorption and weaker documentation accuracy. The presence of periodic internal audits contributes positively to ensuring financial integrity, but their implementation remains inconsistent due to workload imbalances and the lack of monitoring technology integration. The findings also show that the use of digital systems for financial

reporting is still limited, indicating an urgent need for digital transformation to improve efficiency and transparency in financial operations.

### 3.1. Evaluation of Financial Management Effectiveness

The findings reveal that effectiveness in financial management is influenced by the extent to which financial processes are executed efficiently and produce measurable results. The study identifies that most operational divisions within the bureau have implemented planning and reporting systems consistent with governmental regulations. This consistency ensures that budgeting procedures are traceable and auditable, which contributes to a culture of transparency. Yet, the findings also show discrepancies between planned and realized expenditures due to delayed fund distribution and bureaucratic bottlenecks.

These challenges stem primarily from uneven staff competency and limited communication between administrative units responsible for different stages of the financial cycle [15].

Moreover, the ability to achieve effectiveness is not only determined by procedural accuracy but also by the degree of interdepartmental collaboration and leadership supervision. Leaders who actively promote participatory decision making foster a more responsive and adaptive environment, which enhances the quality of budget management. However, divisions lacking strong leadership or sufficient training exhibit fragmented coordination, leading to underutilization of available resources. Strengthening managerial oversight and building technical skills among staff are essential to achieving sustainable fiscal performance within regional government institutions.

Table 1. Summary of Regional Financial Management Performance Indicators

Indicator	Observation Result (%)	Performance Level	Interpretation
Budget Planning Accuracy	85	High	Planning aligns with regulations but lacks performance based budgeting
Budget Absorption Rate	78	Moderate	Budget realization delayed in Q4 due to administrative bottlenecks
Reporting Timeliness	90	High	Reports submitted on schedule, though not yet digitalized
Audit Compliance	88	High	Internal audit conducted regularly but lacks integration with e-sys

Table 1 provides a synthesized overview of the key performance indicators that measure the effectiveness of regional financial management within the Bureau of Government and Regional Autonomy, West Sumatera Province. Each indicator represents an essential aspect of fiscal governance that directly influences accountability, transparency, and administrative performance. The first indicator, Budget Planning Accuracy (85%), reflects the bureau’s ability to align its budget preparation with legal and procedural requirements. Although the value indicates a high level of compliance, it also suggests that performance based budgeting has yet to be fully realized. The emphasis on procedural correctness rather than outcomes shows that financial planning remains input oriented rather than output driven.

The second indicator, Budget Absorption Rate (78%), shows moderate performance. While most allocated funds are disbursed, administrative inefficiencies such as overlapping authority and delays in approval chains cause slow absorption toward the end of the fiscal year. This pattern is consistent with broader issues in public administration identified in the study, such as insufficient coordination between divisions and the absence of automated monitoring systems.

The third indicator, Reporting Timeliness (90%), demonstrates that the bureau has achieved punctuality in financial submissions. Reports are generally completed according to the schedule mandated by regulations, indicating strong procedural discipline.

However, the absence of full digitalization in reporting systems means that manual compilation persists, creating risks of transcription errors and inefficiency. The fourth indicator, Audit Compliance (88%), shows that internal audit activities are carried out routinely, which enhances fiscal transparency and aligns with the principles of good financial governance. Nevertheless, the audits remain partially integrated into electronic systems, highlighting the need for a digital audit trail to strengthen traceability and minimize discretionary interpretations.

Finally, the fifth indicator, Human Resource Competence in Finance (65%), registers the lowest performance level. The qualitative analysis from interviews and document review shows that technical proficiency in financial regulation and data management varies significantly across staff members. This lack of uniform capability affects both accuracy and consistency in reporting, reinforcing the need for capacity building initiatives and targeted training programs. Overall, the interpretation of Table 1 illustrates that while the bureau demonstrates satisfactory procedural compliance particularly in planning, reporting, and auditing the effectiveness dimension remains constrained by limited digital transformation and uneven human resource capacity. Consequently, the findings emphasize that improving the quality of governance requires not only adherence to regulations but also institutional modernization through technology integration and human capital development.

3.2. SWOT Analysis and Strategic Implications

The SWOT analysis provides a deeper understanding of the bureau’s internal and external conditions that shape fiscal management performance. The study finds that the primary strengths lie in the presence of a comprehensive legal framework, a well defined budgeting procedure, and leadership commitment to maintaining accountability. These strengths contribute to the foundation of effective financial management practices. However, weaknesses are evident in limited digital literacy among staff, overlapping job functions, and outdated information systems that slow down administrative processes. These internal weaknesses undermine the full realization of fiscal efficiency and reduce adaptability to policy changes [16].

Externally, the bureau faces opportunities arising from national initiatives promoting e-governance and financial transparency. Digital transformation programs supported by the Ministry of Home Affairs and provincial government reforms provide a favorable context for improving efficiency. Yet, these opportunities coexist with threats such as frequent regulatory adjustments, inflationary pressures, and inconsistent coordination between regional and central authorities. The strategic implication of this analysis is that to enhance financial management effectiveness, the bureau must leverage its internal strengths to capitalize on emerging opportunities while addressing weaknesses and mitigating external risks.

Table 2. SWOT Analysis of the Bureau of Government and Regional Autonomy

Internal Factors	Description	External Factors	Description
Strengths (S)	Existence of clear legal framework; structured financial procedures; leadership commitment to fiscal discipline	Opportunities (O)	National e-governance reforms; technology advancement in public finance; collaboration potential with central agencies
Weaknesses (W)	Limited digital literacy; inadequate inter divisional coordination; outdated administrative systems	Threats (T)	Frequent regulation changes; regional economic instability; limited fiscal autonomy flexibility

Table 2 presents the results of the SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, which is used to evaluate both internal and external factors influencing the effectiveness of financial management in the Bureau of Government and Regional Autonomy of the Regional Secretariat of West Sumatera Province. This analysis integrates qualitative insights from interviews, document reviews, and observations to identify strategic priorities for improving fiscal governance performance. The Strengths (S) category highlights three major internal advantages: a strong legal framework, a structured financial procedure, and leadership commitment to fiscal discipline. The presence of comprehensive regulations such as Government Regulation No. 12 of 2019 and Minister of Home Affairs Regulation No. 77 of 2020 provides a clear operational basis for managing public finances. Structured budgeting procedures ensure accountability and transparency in every financial stage from planning to reporting. Leadership commitment also plays a critical role in enforcing compliance and maintaining fiscal discipline across divisions. Together, these strengths form the institutional foundation for achieving effective financial governance at the provincial level.

The Weaknesses (W) dimension reflects the internal limitations that constrain operational efficiency. Among the most critical weaknesses are limited digital literacy among staff, inadequate coordination across divisions, and the use of outdated administrative systems. The research findings show that several divisions still rely heavily on manual financial processing, resulting in slower reporting and reduced data accuracy. Additionally, overlapping job functions

create duplication of effort and ambiguity in accountability. These weaknesses indicate that while the bureau adheres to procedural standards, it struggles to optimize the use of human and technological resources in managing financial activities. From the external perspective, the Opportunities (O) column demonstrates a favorable environment for reform. The ongoing national push toward digital transformation and open government provides the bureau with momentum to modernize its financial systems. E-governance initiatives at the national level, combined with public demand for fiscal transparency, create opportunities for adopting integrated electronic reporting and monitoring tools. Furthermore, the potential for inter agency collaboration especially with central government institutions and local inspectorates can strengthen data interoperability and policy alignment.

Meanwhile, the Threats (T) component represents external challenges that could negatively impact the bureau’s performance. Frequent changes in fiscal regulations often lead to confusion and require continuous policy adaptation. Economic volatility, such as inflation and fluctuating budget allocations, poses additional risks to financial stability. Moreover, inconsistent coordination between central and regional authorities sometimes results in delays in fund distribution and policy misalignment. These threats emphasize the need for agile governance and continuous policy communication to ensure stability in regional financial management. Overall, Table 2 underscores the strategic necessity of balancing internal reform with external adaptability. The SWOT analysis confirms that while the bureau possesses a

strong institutional foundation and regulatory framework, it must prioritize capacity enhancement, digital transformation, and intergovernmental coordination to overcome systemic weaknesses and external threats. Strategically leveraging strengths and opportunities while mitigating weaknesses and threats can transform the bureau into a more efficient, accountable, and resilient institution capable of sustaining regional fiscal governance excellence.

### 3.3. Institutional and Human Resource Capacity

Institutional structure and human resource competence emerge as central determinants of financial management performance. The results indicate that the bureau’s hierarchical structure supports formal accountability but sometimes creates rigidity in decision making processes. Staff members involved in budgeting and expenditure management often perform multiple administrative roles, which affects concentration and quality of outputs. The research also

finds that capacity building programs related to financial reporting and performance evaluation are not conducted regularly, leading to inconsistent understanding of updated fiscal regulations. A more systematic and continuous approach to human resource development is necessary to strengthen institutional effectiveness [17].

Furthermore, the study highlights the need for adaptive leadership capable of managing change within a bureaucratic environment. Effective leaders within the bureau tend to integrate communication, motivation, and supervision into their financial management approach, resulting in better compliance and more accurate reporting. However, divisions without such leadership support often rely solely on procedural adherence without critical evaluation of their performance. Improving institutional effectiveness therefore requires investment in leadership training, competency mapping, and digital skill enhancement to align individual capacity with institutional objectives.

Table 3. Assessment of Institutional and Human Resource Dimensions

Dimension	Current Status	Limiting Factors	Strategic Need
Organizational Structure	Hierarchical, formal	Rigid communication channels	Streamlined coordination
Human Resource Competence	Moderate	Uneven skill distribution	Continuous training programs
Leadership Effectiveness	Varies by division	Limited managerial authority	Leadership development
Coordination Mechanisms	Partial integration	Overlapping functions	Cross-divisional alignment
Institutional Adaptability	Low	Resistance to change	Adaptive policy design

Table 3 provides a detailed evaluation of the internal organizational capacity and human resource conditions that influence the overall effectiveness of regional financial management within the Bureau of Government and Regional Autonomy, West Sumatera Province. This assessment is crucial because institutional strength and the competency of human resources determine the ability of an organization to implement financial policies, ensure accountability, and achieve performance targets in a sustainable manner.

The first dimension, Organizational Structure, is categorized as hierarchical and formal. While such a structure provides clear lines of authority and accountability, it often leads to rigidity and slow decision making. The communication pattern within the institution tends to be vertical, which reduces flexibility and responsiveness to dynamic policy changes. The table identifies the need for streamlined coordination and flatter hierarchies to enhance efficiency and interdepartmental collaboration. The second dimension, Human Resource Competence, shows moderate performance. The current human capital possesses basic financial management knowledge, but there are disparities in technical skills, especially in digital and analytical aspects of budgeting. The lack of uniform competency across divisions affects report accuracy and data validation. Thus, continuous professional development programs

and technical workshops are essential to enhance the institutional capability to manage financial data in accordance with regulatory standards.

The third dimension, Leadership Effectiveness, varies across divisions. While some leaders demonstrate adaptive and strategic thinking, others still rely heavily on traditional administrative approaches. This inconsistency leads to uneven performance among units. Leadership development programs emphasizing participatory and transformational leadership styles are recommended to strengthen managerial capacity and promote accountability driven culture. The Coordination Mechanisms dimension reveals partial integration between units. Overlapping functions and ambiguous job descriptions hinder smooth workflow and timely decision making. Strengthening cross divisional coordination through integrated planning meetings and shared data platforms would reduce duplication and enhance inter unit synergy.

Finally, Institutional Adaptability is categorized as low, largely due to cultural resistance to change and limited exposure to innovation. Many employees remain accustomed to manual financial processing systems and are hesitant to adopt new technologies or procedural reforms. To overcome this, adaptive policy design and inclusive change management strategies must be prioritized to cultivate openness toward institutional transformation. In summary, Table 3 illustrates that the bureau’s internal capacity is

constrained by structural rigidity, uneven competence distribution, and limited adaptability. While there is a foundation of procedural compliance, the institution requires substantial reform in leadership development, inter-unit coordination, and adaptive capability to realize high performing financial governance. This reinforces the notion that effective public financial management is not only a matter of systems and regulations but also of organizational culture and human capital strength.

### 3.4. Digitalization and Fiscal Governance Improvement

Digital transformation is identified as both a challenge and an opportunity in achieving efficient and transparent regional financial management. The bureau has initiated the use of digital tools for documentation and reporting, but implementation remains limited and uneven across divisions. Inadequate infrastructure, lack of integration among information systems, and minimal data analytics capability hinder the realization of a

fully digitalized fiscal management process. The adoption of digital financial systems is expected to reduce manual errors, improve the timeliness of financial reports, and enhance monitoring accuracy, thereby strengthening accountability mechanisms [18].

To move toward sustainable fiscal governance, the study suggests adopting integrated financial information systems aligned with national e-government standards. Strengthening collaboration with technology agencies and enhancing digital literacy among employees can accelerate the transition to data driven decision making. Moreover, digitalization should not be viewed solely as a technological upgrade but as part of a broader reform aimed at improving institutional transparency and responsiveness. When combined with performance based budgeting and continuous evaluation, the digital approach can transform the bureau into a model of efficient, accountable, and adaptive regional financial governance.

Table 4. Digital Readiness and Implementation Index

Component	Implementation Level (%)	Limitation Identified	Recommended Action
Financial Reporting Automation	40	Lack of integrated platform	Develop unified e-reporting system
Budget Monitoring Tools	55	Inconsistent data entry	Standardize digital protocols
Data Analytics for Fiscal Planning	35	Limited data literacy	Conduct technical training
Online Public Transparency Portal	60	Partial accessibility	Upgrade interface and accessibility
IT Infrastructure Support	70	Inadequate maintenance	Strengthen IT management budget

Table 4 illustrates the level of digital readiness and implementation in the Bureau of Government and Regional Autonomy, West Sumatera Province, as it transitions toward integrated fiscal management systems. This table evaluates five core components financial reporting automation, budget monitoring tools, data analytics for planning, public transparency portals, and IT infrastructure each assessed based on implementation levels, existing limitations, and recommended improvement strategies. The first component, Financial Reporting Automation, records an implementation rate of 40%, indicating that while initial steps toward electronic reporting have been made, the absence of an integrated platform still limits operational efficiency. Many reporting processes remain partially manual, causing delays and increasing the risk of data inconsistency. The recommendation for this aspect is to develop a unified e-reporting system that connects all divisions through a centralized database.

The second component, Budget Monitoring Tools (55%), shows that digital dashboards or tracking systems are used but not consistently updated across departments. Variations in data input and monitoring practices create discrepancies in budget realization figures. To improve accuracy and timeliness, it is crucial to standardize digital protocols and enforce routine synchronization among administrative units.

The third component, Data Analytics for Fiscal Planning (35%), reveals that advanced data driven decision making is still in its early stage. The bureau lacks personnel with adequate analytical training and has limited access to data modeling tools. Consequently, budget forecasting and performance evaluation remain descriptive rather than predictive. Providing targeted training in data analytics and integrating business intelligence software are strategic measures to strengthen this area. The fourth component, Online Public Transparency Portal (60%), demonstrates moderate success in promoting public access to financial information. Although the portal allows stakeholders to view budget allocations and spending, its interface and accessibility remain limited. Enhancing user experience, expanding data categories, and providing real time updates are essential to increase public trust and accountability.

Finally, the IT Infrastructure Support component achieves a 70% implementation level, reflecting the existence of digital facilities but also the presence of maintenance challenges. The infrastructure supports routine operations but lacks systematic upgrades and cybersecurity protocols. Strengthening IT management, allocating sufficient maintenance budgets, and adopting a sustainable digitalization roadmap will ensure system reliability and data protection. Overall, Table 4 emphasizes that digital transformation in regional financial management is progressing but

remains fragmented. While foundational infrastructure exists, there is a pressing need for integration, standardization, and skill development. The data reveal that the success of fiscal digitalization depends not only on technology adoption but also on institutional readiness and human resource competence to manage innovation effectively. In this context, digital readiness serves as both an indicator of organizational maturity and a prerequisite for achieving transparent, efficient, and accountable financial governance.

#### 4. Conclusion

The study concludes that regional financial management within the Bureau of Government and Regional Autonomy of West Sumatera Province demonstrates strong procedural compliance but remains limited in digital integration, coordination, and human resource capability. The findings show that while financial governance aligns with existing regulations, its effectiveness is constrained by outdated administrative systems and uneven technical competence. The SWOT analysis emphasizes that institutional strengths such as leadership commitment and clear legal frameworks can be optimized through digital transformation and performance based budgeting to enhance accountability and efficiency. Opportunities arising from national e-governance reforms should be strategically utilized to overcome weaknesses and mitigate threats like policy shifts and fiscal instability. This research implies that sustainable financial governance requires the integration of technology, capacity building, and adaptive leadership. Strengthening digital systems, improving inter divisional collaboration, and fostering innovation oriented organizational culture are key to achieving transparency and fiscal effectiveness. Future studies are encouraged to combine qualitative and quantitative approaches to provide comparative insights into regional financial management performance across different administrative contexts.

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