Journal of Social Research

E-ISSN: 2828-335x
Vol. 5, No. 11, October 2026, pp. 6009-6027
DOI : 10.55324/josr.v5i11.3549
Journal of Social Research

Adaptive Capacity in Regional Budget Execution and Administration at the Regional Financial and Asset Management Agency of Polewali Mandar Regency

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Keywords:
organizational capacity; organizational learning; bureaucratic discretion; public accountability; budget realization SIPD.

ABSTRACT

Budget expenditure realization in Polewali Mandar Regency remained relatively high from 2023 to 2025, reaching 92.71%, 95.92%, and 95.31%, respectively. However, performance varied considerably across regional government agencies amid updates to the Regional Government Information System of the Republic of Indonesia (Sistem Informasi Pemerintahan Daerah Republik Indonesia, SIPD-RI), the implementation of the 2025 expenditure efficiency policy, and an increasing number of spending units. This study aimed to examine the adaptive capacity of the Regional Financial and Asset Management Agency (Badan Pengelolaan Keuangan dan Aset Daerah, BPKAD) of Polewali Mandar Regency in regional budget execution and administration. The analysis employed four dimensions of Connolly and York's adaptive capacity framework: monitoring change and performance, assessment and evaluation, responsive and flexible planning, and networking, collaboration, and knowledge sharing. A qualitative approach with a single-case study design was employed. Data were collected through in-depth interviews with 13 informants, comprising seven key informants from the regional government and BPKAD and six treasurers from agencies with the highest and lowest budget realization rates. Additional data were obtained from budget realization reports and relevant administrative circulars. Data were analyzed using the interactive model developed by Miles, Huberman, and Saldaña. The findings revealed uneven adaptive capacity across organizational functions. BPKAD demonstrated relatively strong adaptability in procedures within its direct control, including identifying administrative delays through system timestamps and audit trails, conducting preliminary verification of disbursement documents, establishing service time standards through the Regional Financial Management Information System (Sistem Informasi Pengelolaan Keuangan Daerah, SIPEKDA), and accelerating administrative processes while maintaining regulatory compliance. However, budget realization monitoring remained delayed and insufficiently differentiated across agencies, organizational learning had not been fully institutionalized, budget adjustments lacked procedural transparency, and horizontal coordination networks remained predominantly informal. The study concluded that adaptive capacity in regional financial management was primarily manifested through relational and procedural flexibility supported by frontline administrative discretion. Strengthening this capacity required a balanced approach that integrated administrative efficiency, regulatory compliance, institutional learning, and public value creation.

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INTRODUCTION

The effectiveness of public administration is determined not only by the formal structures and authority of government organizations but also by their ability to plan,

implement, monitor, and account for public programs effectively, efficiently, and transparently while adapting to changes in the policy environment (Grindle & Hilderbrand, 1995; Setiawan et al., 2022). Capacity building, therefore, involves strengthening the capabilities of individuals, organizations, and institutional systems to achieve organizational objectives (UNDP, 2015a; Saputra et al., 2024). Among the dimensions of organizational capacity, adaptability has become increasingly important because public organizations operate in dynamic environments characterized by complex and frequently changing regulations. Connolly and York (2003) conceptualized this capability as adaptive capacity, referring to an organization's ability to monitor, assess, and respond effectively to internal and external changes.

Regional financial management serves as a fundamental mechanism for translating development plans into public programs and services. Indonesia's regulatory framework for regional financial management encompasses Law No. 17 of 2003 concerning State Finance, Law No. 1 of 2004 concerning the State Treasury, Government Regulation No. 12 of 2019 concerning Regional Financial Management, and Minister of Home Affairs Regulation No. 77 of 2020 concerning Technical Guidelines for Regional Financial Management. Within this framework, the Regional Financial and Asset Management Agency (Badan Pengelolaan Keuangan dan Aset Daerah, BPKAD) of Polewali Mandar Regency performs regional financial management functions, including those associated with the Regional Financial Management Officer (Pejabat Pengelola Keuangan Daerah, PPKD) and Regional General Treasurer (Bendahara Umum Daerah, BUD). These functions connect budget policies, expenditure execution, financial administration, and accountability across Regional Government Work Units (Satuan Kerja Perangkat Daerah, SKPD). During 2023–2025, BPKAD experienced changes across three interconnected dimensions. First, at the technological level, updates to the administrative modules of the Regional Government Information System of the Republic of Indonesia (Sistem Informasi Pemerintahan Daerah Republik Indonesia, SIPD-RI), implemented within the regulatory framework of Minister of Home Affairs Regulation No. 70 of 2019, altered administrative procedures for financial verifiers and treasurers. Second, at the policy level, Presidential Instruction No. 1 of 2025 concerning Expenditure Efficiency required adjustments to budget allocations and expenditure priorities during the fiscal year. Third, at the organizational level, the number of expenditure management units recorded in the Budget Realization Report (Laporan Realisasi Anggaran, LRA) increased from 46 in 2024 to 89 in 2025, following the separate recognition of 20 community health centers and 23 urban village administrative units.

This study focused on regional budget execution and financial administration because these stages involve the implementation, verification, disbursement, recording, and accountability of approved budget allocations. Administrative decisions, document completeness, interorganizational coordination, and information system utilization directly influence expenditure realization. With annual regional expenditures exceeding IDR 1.6 trillion, Polewali Mandar Regency recorded expenditure realization rates of 92.71% in 2023, 95.92% in 2024, and 95.31% in 2025. Despite these relatively high realization rates, the unspent budget remained substantial, amounting to IDR 119.00 billion, IDR 66.96 billion, and IDR 79.40 billion, respectively. Therefore, the primary concern was not low aggregate

expenditure realization but rather the effectiveness of budget utilization and substantial differences in expenditure realization across government agencies.

Variations in expenditure realization were evident across regional government agencies. The differences between the highest and lowest realization rates reached 97.98 percentage points in 2023, 54.84 percentage points in 2024, and 23.48 percentage points in 2025. Hajjah Andi Depu Regional General Hospital (Rumah Sakit Umum Daerah, RSUD) consistently recorded the highest realization rates, reaching 116.64%, 113.90%, and 103.44%, respectively. Meanwhile, the agencies with the lowest realization rates varied annually, including the National Unity and Political Affairs Agency (18.66%) in 2023, the Regional Revenue Agency (59.06%) in 2024, and the agency responsible for population control, family planning, women's empowerment, and child protection (79.96%) in 2025. Although the narrowing range suggested greater consistency in expenditure realization across agencies, changes in the lowest-performing agencies indicated that underlying administrative and organizational challenges persisted. Realization rates exceeding 100% at the regional hospital did not necessarily indicate superior performance because expenditure under the Regional Public Service Agency (Badan Layanan Umum Daerah, BLUD) financial management framework may exceed initial budget allocations within applicable revenue-based budget flexibility provisions. Conversely, lower realization rates did not automatically indicate inadequate organizational capacity because they could reflect expenditure efficiency measures, changes in program implementation, or procurement delays. These variations highlighted the importance of examining BPKAD's capacity to monitor, assess, and respond to differences in organizational conditions and expenditure performance.

Theoretically, Connolly and York's (2003) organizational capacity framework was originally developed in the context of nonprofit organizations, which generally possess greater flexibility in adjusting programs and allocating resources. In contrast, BPKAD operates within a regulatory environment characterized by budgetary legality, hierarchical authority, financial audit requirements, and centrally managed information systems. Consequently, organizational adaptability in this context must be understood as the capacity to adjust administrative procedures, operational schedules, and institutional support mechanisms while maintaining regulatory compliance. Connolly and York's framework encompasses four dimensions of organizational capacity: adaptive, leadership, management, and technical capacity. Adaptive capacity was selected as the primary analytical focus because BPKAD faced interconnected technological, regulatory, and organizational changes, some of which were beyond the direct control of regional authorities. Furthermore, variations in expenditure realization across SKPDs required the organization to identify different causes of administrative constraints and develop context-specific responses. Focusing on adaptive capacity enabled a more detailed examination of these organizational processes.

Adaptive capacity in public organizations is closely associated with organizational learning. Argyris and Schön (1996) distinguished between single-loop learning, which involves correcting actions without changing underlying assumptions or organizational rules, and double-loop learning, which involves reconsidering established assumptions, norms, and procedures. Organizational learning in the public sector is influenced by institutional learning forums, information systems, administrative autonomy, and organizational culture (Moynihan & Landuyt, 2009). Its effectiveness increases when learning processes become embedded in

organizational structures and operational routines (Cedergren & Hassel, 2024). Two additional theoretical perspectives were incorporated into this study. Street-level bureaucracy theory (Lipsky, 2010) explains how frontline public officials, including financial verifiers, system operators, and treasurers, exercise administrative discretion when confronted with workload pressures, information constraints, and accountability risks. Such discretion may involve coping strategies characterized by moving toward, away from, or against service recipients (Tummers et al., 2015). Additionally, the concept of calibrated public accountability was employed to examine how administrative adaptation balanced regulatory compliance, expenditure effectiveness, and public value. This perspective emphasized the importance of avoiding excessive procedural rigidity while ensuring that efforts to accelerate administrative processes did not undermine financial controls and accountability mechanisms (Bovens, 2007; Koppell, 2005; Mulgan, 2000).

Previous studies have identified several challenges associated with implementing the Regional Government Information System (Sistem Informasi Pemerintahan Daerah, SIPD), including inadequate training, limited server capacity, network connectivity problems, and dependence on supplementary applications (Tumija et al., 2023; Adisi & Sadad, 2022). Other research has demonstrated an association between SIPD effectiveness and regional financial management performance (Teken & Romarina, 2024). Studies on budget absorption have identified several contributing factors, including previous-year budget surpluses, local government size, and budget preparation schedules (Amellya et al., 2023). Additional determinants include regulatory requirements, budgetary politics, organizational commitment, human resource competencies, and public procurement processes (Putri et al., 2024). Although these studies provided valuable insights into the determinants of financial management performance, they offered limited explanations of how regional financial management organizations monitored, assessed, and responded to institutional and regulatory changes through adaptive organizational processes. Furthermore, limited research has explicitly examined the adaptive capacity of BPKAD in regional budget execution and administration by integrating organizational adaptation, frontline administrative discretion, and calibrated public accountability within a unified analytical framework.

Addressing these research gaps, this study aimed to examine the adaptive capacity of BPKAD in Polewali Mandar Regency in regional budget execution and administration through four dimensions: (1) monitoring change and performance; (2) assessment and evaluation; (3) responsive and flexible planning; and (4) networking, collaboration, and knowledge sharing. Theoretically, the study sought to extend the application of adaptive capacity theory to regional government organizations operating under strict budgetary regulations and centrally managed digital information systems. Practically, the findings were expected to provide recommendations for BPKAD and the Polewali Mandar Regency Government regarding the development of differentiated early warning mechanisms for expenditure realization, the institutionalization of organizational learning, clearer timelines for budget adjustments, and administrative assistance tailored to the expenditure characteristics of individual SKPDs. Ultimately, the study sought to provide a clearer understanding of how regional financial management organizations could balance administrative efficiency, regulatory compliance, and public value while responding to interconnected policy, technological, and organizational changes.

METHOD

Research Approach and Design

This study employed a qualitative approach with a single-case study design to examine the adaptive capacity of the Regional Financial and Asset Management Agency (Badan Pengelolaan Keuangan dan Aset Daerah, BPKAD) of Polewali Mandar Regency in regional budget execution and financial administration during the 2023–2025 fiscal years. The qualitative approach facilitated an in-depth examination of administrative processes, organizational experiences, operational challenges, frontline discretion, and institutional dynamics within their actual administrative context (Creswell & Poth, 2018; Merriam & Tisdell, 2016; Yin, 2018). The scope of the study encompassed adjustments to cash budgets and Budget Implementation Documents (Dokumen Pelaksanaan Anggaran, DPA); verification of Fund Disbursement Memoranda (Nota Pencairan Dana, NPD), Payment Request Letters (Surat Permintaan Pembayaran, SPP), and Payment Orders (Surat Perintah Membayar, SPM); issuance of Fund Disbursement Orders (Surat Perintah Pencairan Dana, SP2D); utilization of the Regional Government Information System of the Republic of Indonesia (Sistem Informasi Pemerintahan Daerah Republik Indonesia, SIPD-RI) and the Regional Financial Management Information System (Sistem Informasi Pengelolaan Keuangan Daerah, SIPEKDA); administrative coordination with Regional Government Work Units (Satuan Kerja Perangkat Daerah, SKPD); and expenditure accountability procedures. Quantitative information obtained from Budget Realization Reports (Laporan Realisasi Anggaran, LRA) and Regional Revenue and Expenditure Budget (Anggaran Pendapatan dan Belanja Daerah, APBD) accountability reports was used to contextualize the findings and support data triangulation rather than for statistical hypothesis testing. The research framework is presented in Figure 1.

Procedures and Determination of Informants

The research was carried out through the preparation stage, fieldwork, data analysis, and report writing. The interview was conducted in October 2026, after the issuance of the Circular Letter of the Regent of Polewali Mandar Number 100.3.4.2/30/2026 dated October 5, 2026 regarding the implementation of SIPEKDA, so that informants could tell their experiences before and at the beginning of the implementation of the new flow. Informants were selected purposively (Patton, 2015) based on their direct involvement in the implementation and administration of regional finances, formal positions, experience using SIPD-RI, and knowledge of verification, disbursement, and expenditure accountability. All informants are involved for at least one fiscal year in the 2023–2025 period and are willing to provide information voluntarily.

The informants consisted of two groups (Table 1). The first group consisted of seven key informants from local governments and BPKAD, including verifiers and operators to capture daily discretionary practices. The second group was six expenditure treasurers from regional apparatus organizations (OPDs) selected using extreme or deviant case sampling strategies (Patton, 2015), namely the two OPDs with the highest realization and four OPDs with the lowest realization, including the PUPR Office which has the largest nominal budget remaining in 2023. The OPD informants are not intended to assess the performance of OPDs, but to obtain the perspective of SKPD as a user of BPKAD services as well as a source of triangulation.

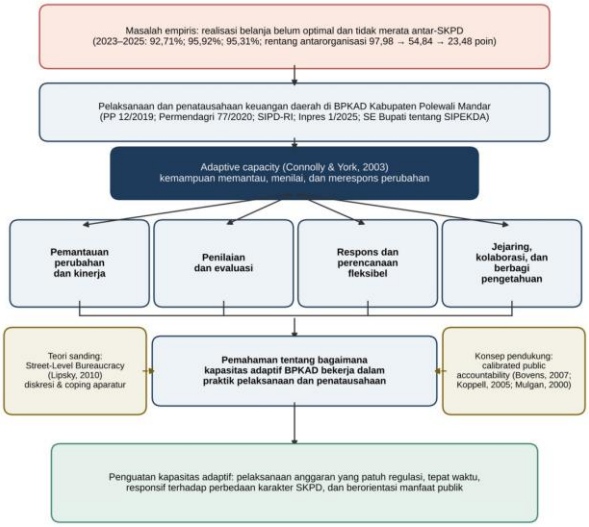


Figure 1. Research Frame

Interview questions were adjusted to the position of the informant, so that not all informants were asked about all sub-dimensions. The adequacy of informants is determined by data saturation (Saunders et al., 2018); the pattern of comparative informants' information, especially about the timing of budget adjustments, clarity of requirements, and assistance needs, is consistently repeated between OPDs.

Table 1. List of Research Informants

Code	Informant (department/work unit)	Selection considerations	Sub-dimensional focus
	A. Key informants: local government leaders and BPKAD		
I1	Regional Secretary as Regional Financial Management Coordinator and Chairman of TAPD	Setting the direction of accelerating the realization and evaluating the achievements between SKPDs	Monitoring; Assessment
I2	Head of BPKAD as PPKD and BUD	Determinants of APBD implementation and administration policies	Assessment; Response; Networking
I3	Secretary of BPKAD	Coordinate internal evaluations, SOPs, and administrative support	Assessment; Response
I4	Head of Budget	Manage DPA, cash budgets, shifts, and budget changes	Monitoring; Response
I5	Head of Verification and Treasury as the Attorney General of BUD	Controlling SPM verification, SP2D issuance, and cash management	Monitoring; Response
I6	SPM/SP2D Checker	Frontline apparatus that assesses the completeness of the file	Monitoring; Response (discretion)
I7	Operator/Admin SIPD-RI	Handling inputs, application constraints, and assisting SKPD operators	Monitoring; Response; Networking
	B. Comparative informant: OPD with the highest realization		
I8	BLUD Expenditure Treasurer of Hajjah Hospital Andi Depu	Highest I 2023–2025 (116.64%; 113.90%; 103.44%); BLUD mechanism	Assessment; Response; Networking

Code	Informant (department/work unit)	Selection considerations	Sub-dimensional focus
I9	Treasurer of the Expenditure of the Pamong Praja Police Unit C. Comparative informant: OPD with the lowest realization	Highest II 2024–2025 (99.93%; 98.64%); regular spending	Response; Networking
I10	Treasurer of the Expenditure of the Unity and Political Agency	Lowest I 2023 (18.66%; remaining ±IDR 16.00 billion)	Monitoring; Assessment; Response
I11	Treasurer of PUPR Office Expenditure	Lowest II of 2023 (80.22%; remaining ±IDR 27.28 billion); capital expenditure	Response; Networking
I12	Revenue Agency Expenditure Treasurer	Lowest I 2024 (59.06%; remaining ±IDR 4.23 billion)	Monitoring; Response
I13	Treasurer of Expenditure of the PPKB, PP and PA Offices	Lowest I 2025 (79.96%; remaining ±IDR 1.89 billion)	Response; Networking

TAPD = Regional Government Budget Team; PPKD = Regional Financial Management Officer; BUD = Regional General Treasurer; BLUD = Regional Public Service Agency.

Research Focus and Indicators

The focus of the research is described from the four sub-dimensions of adaptive capacity into indicators that are the basis of the interview and data coding instruments (Table 2).

Table 2. Focus and Indicators of Adaptive Capacity in the Implementation and Administration of Regional Finance

Sub-dimensions	Indicator	Examples of key questions
Change and performance monitoring	(a) changes in regulations and budget policies; (b) updates to SIPD/SIPD-RI; (c) realization and obstacles to SKPD spending	How are rule changes known and forwarded? How are the SKPDs that are left behind recognized?
Assessment and evaluation	(a) evaluation of realization achievements; (b) identification of the root of the problem of delay; (c) utilization of the results of the evaluation and experience of the previous year	What indicators are used? How are the sources of barriers differentiated? Is learning documented?
Flexible response and planning	(a) adjustment of the cash budget and DPA; (b) adjustment of the flow of verification and disbursement; (c) instructions, circulars, and acceleration measures	How are adjustments made within the limits of the rules? How is speed maintained without relaxing the conditions?
Networking, collaboration, and knowledge sharing	(a) coordination forums with SKPD; (b) technical assistance and consultation channels; (c) external consultation and experience sharing between agencies	Does the forum take place in two directions? What assistance needs have not been met? How is knowledge institutionalized?

Source: developed from Connolly and York (2003) and Strichman et al. (2008).

Data Collection, Analysis, and Validity

Data were collected through semi-structured in-depth interviews and document review. The interview instrument was prepared per informant with two to four questions per

sub-indicator; comparative informants were also asked about the achievement of the realization of their OPD. The documents reviewed included the LRA Summary according to affairs and organizations for FY 2023–2025, the Consolidated LRA for FY 2023, the Regional Regulation and Perbup for the accountability of the FY 2023 and 2024 APBD, the LKPD Audited FY 2025, the Regent's SE on SIPEKDA and its flow chart, as well as national regulations. LRA data is processed per organization and per type of expenditure so that the number called informants can be verified.

The analysis used an interactive model of Miles et al. (2014), namely data condensation, data presentation, and conclusion drawing and verification. The interview answers were sorted into units of meaning, coded deductively based on four sub-dimensions and twelve sub-indicators, then inducively to capture new themes, such as late monitoring and assistance needs per shopping character. The codes were marked according to the source (BPKAD or SKPD) so that differences in perspectives could be compared. Each number called informant was matched to the document; if different, the document number was used. The validity of the data was maintained through the criteria of credibility, transferability, dependability, and confirmability (Lincoln & Guba, 1985; Shenton, 2004), mainly by triangulation of sources (BPKAD, highest OPD, and lowest OPD) and triangulation techniques (interviews and documents).

RESULTS AND DISCUSSION

Overview of Research Locations

In the implementation and administration stage, the functions of BPKAD as PPKD and BUD are carried out mainly by the Budget Division, which manages the DPA, cash budget, shifts, and budget changes, as well as the Verification and Treasury Division, whose head of the field acts as the BUD Proxy in SPM verification, SP2D issuance, and regional cash management. BPKAD is under the coordination of the Regional Secretary as the coordinator of regional financial management and the Chairman of TAPD. The variation in achievements between organizations behind this study is presented in Table 3.

Table 3. Two Highest and Lowest Expenditure Realizations of Major Organizations, FY 2023–2025

Year	Position	Organization	Budget (IDR billion)	Realization (IDR billion)	Reach (%)
2023	Highest I	Hajjah Andi Depu Hospital	172,79	201,55	116,64
	Highest II	Alu District	1,98	1,97	99,73
	Lowest I	Kesbangpol Agency	19,67	3,67	18,66
	Lowest II	PUPR Office	137,92	110,64	80,22
2024	Highest I	Hajjah Andi Depu Hospital	172,42	196,38	113,90
	Highest II	Pamong Praja Police Unit	11,58	11,57	99,93
	Lowest I	Revenue Agency	10,32	6,10	59,06
	Lowest II	Social Service	5,40	3,31	61,34
2025	Highest I	Hajjah Andi Depu Hospital	224,19	231,90	103,44
	Highest II	Pamong Praja Police Unit	12,64	12,47	98,64
	Lowest I	PPKB, PP and PA Offices	9,43	7,54	79,96

Year	Position	Organization	Budget (IDR billion)	Realization (IDR billion)	Reach (%)
	Lowest II	Transmigration, Manpower and Energy and Mineral Resources Office	7,12	5,83	81,87

Source: processed from the LRA Summary for FY 2023–2025 (main organizations; excluding Puskesmas, sub-districts, and Wonomulyo Hospital).

According to the type of expenditure (Table 4), the realization of operating expenditure is relatively stable, while capital expenditure increased sharply from 82.36% in 2023 to 95.97% in 2025, in line with the adjusted capital expenditure ceiling from IDR 272.66 billion to IDR 150.32 billion. On the other hand, the realization of transfer expenditure decreased from 95.39% in 2024 to 83.08% in 2025, in line with the decrease in the realization of transfer income from 98.67% to 95.75%, especially the Village Fund which was only realized 70.62%. If transfer expenditure is issued, the realization of expenditure will actually increase from 92.01% (2023) to 96.01% (2024) and 97.28% (2025).

Table 4. Expenditure Ceiling and Realization by Type of Expenditure, FY 2023–2025

Types of shopping	2023 Ceiling (IDR billion)	Realization 2023 (%)	Ceiling 2024 (IDR billion)	Realization 2024 (%)	Ceiling 2025 (IDR billion)	Realization 2025 (%)
Operating expenses	1.143,47	94,30	1.236,35	97,33	1.303,93	97,48
Capital expenditure	272,66	82,36	163,87	86,45	150,32	95,97
Unexpected shopping	1,54	95,95	2,50	65,83	2,01	67,44
Transfer shopping	214,10	97,35	237,03	95,39	235,44	83,08
Quantity	1.631,77	92,71	1.639,75	95,92	1.691,70	95,31
Beyond transfer shopping	1.417,68	92,01	1.402,72	96,01	1.456,26	97,28

Source: processed from the Summary of LRA of Polewali Mandar Regency for FY 2023–2025.

The implementation structure has also changed (Table 5). The number of expenditure management organizations increased from 46 to 89 in 2025, and the number of organizations with realization below 90% rose to 23, with 16 of them being small-ceiling health centers. Regional Original Revenue (PAD) improved to 100.96% in 2025, while transfer revenue weakened. BPKAD's own expenditure realization fell to 84.18% in 2025 because BPKAD accommodated transfer spending and unexpected expenditures that were also depressed by the decline in transfer revenue.

Table 5. Expenditure Management Organizations and Revenue Indicators, FY 2023–2025

Description	2023	2024	2025
Organizations of record managing spending in LRA	46	46	89
Organizations with < 90% spending realization	7	7	23
— including the Health Center	–	–	16
Key organizations with 90% < spend realization	6	7	5
PAD Realization (%)	78,75	93,59	100,96

Description	2023	2024	2025
Realization of transfer income (%)	97,86	98,67	95,75

Source: Summary of LRA FY 2023–2025; FY 2023 Consolidated LRA; Perbup on Elaboration of Accountability of APBD FY 2024; LKPD Audited FY 2025.

Change and Performance Monitoring

Information on regulatory changes is received through central circulars, TAPD meetings, BPKAD and Bappeda reviews, as well as socialization and consultation. Within BPKAD, the information chain is relatively fast; changes are forwarded first to the verifier "because they are the ones who are directly dealing with the file" (I5), and the verifier receives it on the same day or a day later (I6). However, at the local government level, the mechanism is reactive:

"The mechanism is running, but it is more responsive than anticipating. Socialization is sometimes only completed after the SKPD has prepared a plan." (I1, Regional Secretary)

The Head of Budget (I4) added that there are constraints of short adjustment time, rules that can be interpreted differently by BPKAD, SKPD, and auditors, as well as central rules that come down when the budget cycle is already running, such as the 2025 efficiency policy. At the OPD level, the Revenue Agency (I12) experiences a gap between knowing the direction of the policy and understanding how to include it in the DPA and SPM, often knowing small changes from other SKPD treasurers, and deciding some of the obstacles "on their own carefully to be safe". When official information is late, the SKPD apparatus fills in the gaps with defensive discretion.

SIPD-RI updates are monitored from official notifications, admin groups, and first-hand experience: operators try new features, discuss them with verifiers, then inform SKPD, and distinguish system disruptions from input errors based on how many SKPDs are affected (I4, I5, I7). The readiness of BPKAD and SKPD has not been systematically assessed (I1); at the beginning of SIPEKDA, the verifier had processed files with an old flow so that some SPMs had to be repeated (I6), which then gave birth to the habit of checking the system every morning. BPKAD has rich monitoring data, namely NPD, SPM, and SP2D records with time of entry, verification, and issuance, as well as a recap of the realization per SKPD against the cash budget (I4, I5). However, this data is not yet an early warning:

"Our approach is still reading after falling behind; a standard early warning system does not yet exist." (I1, Regional Secretary)

The Kesbangpol Agency (I10) assessed that the strongest boost came towards the end of the year, "when the room for improvement was already narrow", and the specific warning of the achievement of 18.66% in 2023 "has not been so felt". The Revenue Agency (I12) added that the realization of its low body "is often read as the same as negligent SKPD, even though the reasons are different".

These findings show that BPKAD's monitoring infrastructure is adequate, but monitoring is still responsive after changes have occurred, the readiness of implementers has not been monitored regularly, and realization interventions strengthen late. This adds to Amellya et al. (2023): the problem is not only the timing of budgeting, but the time when the managing organization is aware of and responds to deviations. Monitoring is also uniform. From the perspective of Street-Level Bureaucracy, when the units served increased from 46 to 89 with limited officers, the bureaucracy tended to simplify client categories so that workloads could

be managed (Lipsky, 2010); this was efficient for BPKAD, but reduced the accuracy of responses for SKPDs with special characteristics. The treasurer's decision to make his own decisions carefully is a form of coping that distances risk (Tummers et al., 2015): administratively safe, but potentially delays realization.

Assessment and Evaluation

Evaluation takes place through approximately quarterly TAPD and leadership meetings as well as internal evaluation of BPKAD with materials from each field (I1-I3). The main measure is the percentage of realization of the budget after the change; since SIPEKDA, this measure is added to the timeliness of the process and the number of files returned (I2). The Regional Secretary (I1) assessed that the evaluation "still tends to be administrative" because the follow-up and assistance are not always clear, while the RSUD (I8) rarely receives detailed written feedback.

BPKAD has been able to distinguish the source of the obstacles through the time track in the system:

"If the old file is at our stage, it is an internal problem of BPKAD and we will fix it. If it is in the treasurer's office for a long time, returned because it is incomplete, or submitted late, it is sourced from the SKPD." (I2, Head of BPKAD)

BPKAD also distinguishes the low realization due to policies, which have come out of the denominator because it is calculated against the budget after the change, from the low realization due to management (I2). The OPD informant corroborated that the dominant obstacle is in the implementation of activities, not disbursement: the activities of the 2023 Kesbangpol depend on other parties and the election schedule (I10), the remaining PUPR 2023 budget of around IDR 27.28 billion comes from unfinished work (I11), and the constraints of the PPKB, PP and PA 2025 Offices "are in the implementation of activities" (I13).

The results of the evaluation have been utilized. The 2023 lesson (capital expenditure 82.36% and PAD 78.75%) encourages the acceleration of procurement and early disbursement submissions, and in 2025 capital expenditure will reach 95.97% and PAD 100.96%. SIPEKDA called the Head of BPKAD "a form of institutionalization of learning so that the process does not depend on the habits of certain officials" (I2). The Kesbangpol Agency showed successful learning: after 2023, the schedule of activities and cash withdrawal plans will be prepared in more detail, reports will be submitted regularly, and disbursements will be submitted immediately, so that the realization will rise to 99.15% in 2024 and 98.22% in 2025. However, the learning record per SKPD, early warning system, and knowledge handover when the change of officials has not been institutionalized (I1), and the PPKB, PP and PA Offices lasted around 80% for three years (82.37%; 79.72%; 79.96%).

This diagnostic ability is in accordance with the core sub-dimension of the assessment of Connolly and York (2003) and strengthens Putri et al. (2024) about the role of procurement and the competence of implementers. However, in the framework of Argyris and Schön (1996), most of the learning is still single-loop, i.e. encouraging early submission without changing the way of monitoring and accompanying SKPD. SIPEKDA is an exception that approaches double-loop learning because it replaces the old assumption, namely that files are delivered and checked once at the SPM stage, with a new process design. Evaluation meetings already function as a forum, but the output is not yet stored and inheritable knowledge (Moynihan & Landuyt, 2009). As long as feedback is not differentiated according to the character of

spending, e.g. BLUD realization above 100% or low realization due to efficiency, accountability risks shifting to accountability for numbers, not performance (Bovens, 2007; Koppell, 2005).

Flexible Response and Planning

Budget adjustments take place through legitimate channels: changes or shifts are processed into a change DPA, cash budgets are recalculated, and disbursement schedules take precedence over mandatory expenditures (I2, I4, I5). At 2025 efficiency, streamlined expenditures are reduced or shifted, while employee spending and basic services are maintained (I2). NPD serves as a control door before SPM is created. For OPDs, the procedure is clear but the timing is uncertain; Satpol PP (I9) undergoes a process that can take weeks without knowing the position of the proposal. Sudden needs, such as security, disaster repairs, patient surges, or centrally funded activities, are difficult to accommodate (I8, I9, I11, I13). However, all OPDs do not disburse items that change before the changes are recorded in the system.

The most prominent response was the transition of submission to SIPEKDA through the Regent's Decree Number 100.3.4.2/30/2026, which contains 11 stages, the implementation of each stage, and standard quality in the form of completeness of documents, time, and outputs (Figure 2). The standard verification time is set at 30 minutes per stage with a total working time at BPKAD of about 2 hours and 50 minutes, and manual mechanisms are allowed if the system is disrupted (I2, I5, I7).



Figure 2. Disbursement Application Flow through SIPEKDA (Simplified)

"We achieved speed by cutting the distance and waiting time, not by relaxing the requirements." (I2, Head of BPKAD)

Incomplete files are returned with detailed notes so that the correction is "one-off", SPM is not continued until the DPA amendment is valid, and salary expenditures and urgent obligations take precedence when files accumulate (I5, I6). OPD feels that verification is smooth when the file is complete, which is in a matter of hours to one working day, but the Revenue Agency (I12) feels that the requirements "sometimes feel different between verifiers". The year-end circular is often felt to be "rushed" and acceleration steps are felt uniformly. Satpol PP, whose realization is consistently high (97.71%; 99.93%; 98.64%), emphasized that "the key is cyclical discipline", namely the cash budget according to schedule, routine submission every month, and files that are matched with the DPA before sending (I9).

This sub-dimension reveals the most typical form of adaptive capacity in the public sector. Because the space to change programs is limited by budget legality, the authority of the

TAPD and the DPRD, as well as funds that are determined by the center, BPKAD's response shifts to the space it can control, namely process design. These findings expand on Connolly and York (2003): in public organizations, adaptive capacity is manifested more as procedural flexibility than strategic flexibility. The principle of cutting waiting times without relaxing conditions is a concrete form of calibrated public accountability, which suggests that compliance and effectiveness can be aligned through process design. However, flexibility is uneven: process responses are fast, while budget adjustments are slow and non-transparent for SKPDs. Verifiers who hold SPM until the DPA legally exercise proper discretion, but the burden of uncertainty shifts to the SKPD treasurer, and the difference in requirements between verifiers shows that front-line discretion has not been standardized (Lipsky, 2010).

Networking, Collaboration, and Knowledge Sharing

BPKAD held coordination and socialization meetings with the treasurer and SKPD operators, and some of the changes in the SIPEKDA flow were born from the forum's input (I2). OPD considered the forum useful, but its two-way nature was limited to technical issues; BLUD issues were often answered "discussed separately" (I8), PUPR questions were "discussed later" (I11), and policy inputs from the PPKB, PP and PA Offices were "often only recorded first" (I13). The treasurer's communication group became a more open channel. Assistance was provided through technical guidance, consultation, communication groups, and telephones, supported by short guides and question and answer notes (I7), but unmet needs were consistently mentioned:

"What has not been fulfilled is direct assistance to distant units (Puskesmas and sub-districts), periodic training for new operators, and assistance for SKPD with repeated errors." (I7, SIPD-RI Operator/Admin)

OPDs also need assistance according to the nature of spending, such as reporting BLUD (I8), term documents and guarantees for the implementation of capital expenditure (I11), and accountability for centrally funded activities (I13). BPKAD's vertical network is strong, including the Ministry of Home Affairs, Ministry of Finance, BPKP, Inspectorate, BPK, and other regional BPKAD, and the results are institutionalized through SOPs, circulars, and minutes (I2, I7). In contrast, the horizontal network between SKPDs is still informal; Satpol PP states that "there is no forum for sharing special good practices" and is ready to share if facilitated (I9), while PUPR states that "there are no routine three-party meetings" between agencies, procurement units, and BPKAD (I11).

Vertical networks function as a source of rule certainty, in line with Connolly and York (2003). The main weakness lies in the node that most determines the realization, namely the implementation of activities and procurement in SKPD. This finding is in line with Tumija et al. (2023) and Adisi and Sadad (2022) on the importance of user assistance, but adds that assistance needs to be differentiated according to the character of shopping, not just application features. Knowledge in communication groups is temporary and easily lost during personnel change, so written FAQs, constraint archives, and complete file examples are adaptive capacity requirements that must be maintained through institutionalized practices (Staber & Sydow, 2002). A summary of the findings of the four sub-dimensions is presented in Table 6.

Table 6. Summary Matrix of Adaptive Capacity Findings of BPKAD Polewali Mandar Regency

Sub-dimensions	Practices that are already in progress	Gaps found	Source
Change and performance monitoring	Fast internal information chain; system updates are tested by operators first; NPD/SPM/SP2D data and cash budgets are available per SKPD	Reactive to regulatory changes; system readiness has not been systematically assessed; early warning has not been standardized; uniform monitoring and strengthened towards the end of the year	I1, I4–I7, I10, I12; LRA
Assessment and evaluation	Quarterly evaluation of TAPD and internal BPKAD; sources of obstacles are differentiated through time tracks; 2023 lessons are translated into acceleration of capital expenditure; SIPEKDA as an institutionalization	Administrative evaluation; follow-up has not been measured; learning records per SKPD and knowledge handover are not yet available; BLUD-specific feedback is rare	I1–I4, I8, I10; LRA
Flexible response and planning	Adjustment of DPA/cash budget through legal channels; NPD as a control door; SIPEKDA with standard time and manual mechanisms; acceleration without relaxing conditions	The timing of the ratification of the shift is uncertain and the status is not visible; sudden needs are difficult to accommodate; the requirements between verifiers are not yet uniform; the year-end circular is tight; the acceleration of uniform	I2, I4–I13; OR Regent
Networking, collaboration, and knowledge sharing	Coordination forums and treasurer groups; online mentoring; strong vertical networks (Ministry of Home Affairs, Ministry of Finance, BPKP, Inspectorate, BPK, other BPKAD)	two-way forums are limited to technical issues; mentoring has not reached remote units and special shopping characters; sharing good practices between informal SKPDs; FAQs and archives are not yet tidy	I2, I7–I13

Synthesis: Towards a Calibrated Adaptive Capacity

The four sub-dimensions show the same pattern: BPKAD is adaptive in that which can be standardized and self-controlled, but not yet adaptive enough in that it requires anticipation, differentiation, and collaboration with SKPD. This pattern explains why aggregate realization improved and the inter-organizational range narrowed from 97.98 to 23.48 points, but the lowest organization changed every year and partially immobile. Improved BPKAD processes overcome common barriers, whereas SKPD-specific barriers require more differentiated adaptive capacity (Figure 3).

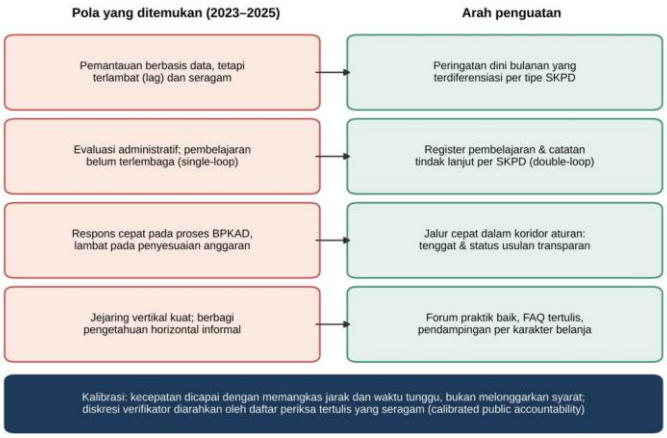


Figure 3. Synthesis of Findings: from Adaptive Capacity Patterns to Calibrated Adaptive Capacities

Theoretically, this study proposes three propositions to contextualize Connolly and York's adaptive capacity in regional financial management organizations. First, in organizations that are tied to budget legality, adaptive capacity primarily takes the form of procedural flexibility, so the measure of success is the ability to speed up processes without relaxing conditions. Second, adaptive capacity is relational; it is tested not only by its response to regulatory and system changes, but also by the ability to differentiate and respond to the character of the organization served. Third, adaptive capacity is realized through the discretion of frontline apparatus, so that uniform checklists, timely information, and knowledge documentation are ways of directing that discretion to align with calibrated accountability.

CONCLUSION

This study concluded that the adaptive capacity of the Regional Financial and Asset Management Agency (Badan Pengelolaan Keuangan dan Aset Daerah, BPKAD) of Polewali Mandar Regency in regional budget execution and financial administration was evident but unevenly developed. Adaptive capacity was relatively strong in areas that BPKAD could standardize and directly control, whereas limitations remained in anticipating changes, responding to the diverse characteristics of Regional Government Work Units (Satuan Kerja Perangkat Daerah, SKPD), and institutionalizing organizational knowledge. This pattern was consistent with improvements in aggregate expenditure realization and the narrowing disparities in realization rates across agencies during 2023–2025, although some SKPDs continued to experience implementation delays.

Regarding monitoring change and performance, BPKAD maintained adequate transaction and budget realization data supported by relatively efficient internal information flows. However, monitoring of regulatory and information system changes remained predominantly reactive, while the operational readiness of implementing personnel was not systematically assessed. Budget realization monitoring had not been fully developed into an effective early warning mechanism, as corrective interventions were generally intensified toward the end of reporting quarters and fiscal years without adequately considering differences in SKPD characteristics and expenditure patterns.

Regarding assessment and evaluation, BPKAD demonstrated the ability to identify administrative bottlenecks through system timestamps and transaction audit trails while distinguishing between policy-related constraints and organizational management weaknesses. Lessons learned from the 2023 fiscal year informed measures to accelerate capital expenditure, while the Regional Financial Management Information System (Sistem Informasi Pengelolaan Keuangan Daerah, SIPEKDA) reflected organizational learning through improvements in administrative procedures. Nevertheless, evaluation practices remained largely administrative, follow-up effectiveness was not systematically measured, and organizational learning had not been institutionalized through agency-specific documentation or structured knowledge transfer mechanisms.

Regarding responsive and flexible planning, BPKAD demonstrated calibrated procedural flexibility by adjusting Budget Implementation Documents (Dokumen Pelaksanaan Anggaran, DPA) and cash budgets through authorized administrative procedures. Fund Disbursement Memoranda (Nota Pencairan Dana, NPD) functioned as an administrative control mechanism, while SIPEKDA improved processing efficiency by reducing administrative delays and coordination barriers without compromising compliance requirements. However, budget adjustment procedures remained relatively slow and insufficiently transparent to SKPDs. Additional challenges included limited responsiveness to urgent expenditure requirements, inconsistent verification standards among personnel, and standardized acceleration measures that did not adequately address differences in organizational constraints.

Regarding networking, collaboration, and knowledge sharing, BPKAD maintained relatively effective vertical coordination with relevant ministries, supervisory institutions, and other regional financial management agencies. These coordination mechanisms had been partially institutionalized through standard operating procedures (SOPs) and administrative circulars. In contrast, horizontal collaboration among SKPDs remained limited. Two-way coordination forums primarily addressed technical administrative issues, mentoring activities did not consistently reach geographically distant units or agencies with specialized expenditure characteristics, and mechanisms for sharing effective practices across SKPDs had not been systematically established. Furthermore, technical knowledge remained largely dependent on informal communication groups and individual personnel rather than structured institutional knowledge management systems.

Theoretically, this study demonstrated the need to contextualize Connolly and York's adaptive capacity framework within regional public financial management institutions. In an administrative environment governed by budgetary legality and regulatory accountability, adaptive capacity was primarily manifested through procedural flexibility, interorganizational relationships, and the exercise of frontline administrative discretion. Accordingly, the findings supported the concept of calibrated adaptive capacity, in which organizational responsiveness and administrative efficiency were balanced with regulatory compliance, financial prudence, accountability, and public value creation. This perspective highlighted the importance of strengthening anticipatory monitoring, differentiated institutional support, and organizational learning to achieve more sustainable adaptive capacity in regional financial management.

FUNDING

This study did not receive any specific funding from governmental institutions, private organizations, or other funding agencies.

CONFLICT OF INTEREST

The authors declare that there are no conflicts of interest related to the conduct of the research, preparation, or publication of this article.

AUTHOR CONTRIBUTIONS

All authors contributed to the preparation of this article. Ismail Semi, Muhammad Yunus, Nurdin Nara and Ishak Salim, was responsible for the conceptualization of the study, data collection and analysis, interpretation of the results, and manuscript preparation. The other authors contributed to the review, editing, and final approval of the manuscript.

GENERATIVE AI STATEMENT

The authors declare that no generative artificial intelligence was used in the preparation of this article.

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