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# Effectiveness of Financial Governance of the National Land Agency of North Sumatra Province

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## Abstract

The National Land Agency of North Sumatra Province is an important asset in contributing to the community through its participation in assisting the community regarding land transfer and land certification. This research focuses on financial governance at the National Land Agency of North Sumatra Province through, Accountability, Openness and Empowerment, thus the purpose of this study is to determine financial governance at the National Land Agency of North Sumatra Province. Methods This research method is descriptive research with a qualitative approach. Descriptive qualitative research is research that aims to describe and describe events in a government agency that occur in the field. Data collection was carried out using observation, interview and documentation techniques.

**Keywords:** Accountability; Transparency; Empowerment; Governance Finance

## 1. Introduction

The increase in the business world in the current era of globalization makes every company have to face various challenges in carrying out each of its activities. At the government level, the companies in question are government agencies based on Article 38 paragraph (4) of Law Number 1 Year 2004 concerning State Treasury. Every government agency requires fixed assets to carry out its operational activities. Government fixed assets are state assets called State Property (BMN), which are managed by authorized officials. One of the parties managing State Property (BMN) is the National Land Agency (BPN). The National Land Agency (BPN) is a non-ministerial government agency in Indonesia that has the task of carrying out matters in the land sector in accordance with the provisions of laws and regulations.

Table 1. Budget Realization Data of the Regional Office of the National Land Agency of North Sumatra

Year	Budget (Rp)	Realization (Rp)	%
2019	73.842.815.000	72.191.040.921	97,76
2020	82.083.280.000	75.485.408.628	91,96
2021	77.029.163.000	72.451.712.949	94,06
2022	91.848.571.000	88.220.944.203	96,05

## 2. Literature Review

### 2.1. Effectiveness

Effective in the Big Indonesian Dictionary means able to bring results, successful in use. Effectiveness is associated with doing the right thing, namely, carrying out activities that directly help the organization achieve its goals. In essence, effectiveness is oriented towards achieving predetermined goals. Effectiveness is the ability to carry out tasks, functions (operation of program activities or missions) of an organization or the like in the absence of pressure or tension between its implementation (Kurniawan, 2005:109).

## 2.2. Public Economics

Public Economics (or more precisely Public Economics) is a translation of the English Public Economics. The term “public” according to the Big Indonesian Dictionary (Balai Pustaka, 2002) is “people (general); all people who come (watch, visit, etc.)”. In the Oxford Dictionary, the explanation of the term “public” is much longer, which includes “the opposite of private, relating to the public (people in general).”

## 3. Research Method

### 3.1. Type of Research

This type of research is categorized as descriptive research with a qualitative approach. Qualitative research is research that aims to understand the phenomenon of what is experienced by the research subject, for example, behavior, motivation, perception, action and others holistically and in a descriptive way in the form of words and language, in a special natural context and utilizing various natural methods (Moleong, 2017: 6).

### 3.2. Variable Type

This study uses one dependent variable and three independent variables. The dependent variable in this study is financial management (Y), while the independent variables in this study are Accountability (X1), Openness (X2), and Empowerment (X3).

### 3.3. Types and Sources of Data

1. Primary data is data collection that is carried out directly at the research location. Primary data collection is carried out using observation, interview and documentation instruments.
2. Secondary Data, namely data collection techniques or information related to the problem to be studied through several sources from the National Land Agency of North Sumatra Province.

### 3.4. Data Analysis Method

The data analysis technique in this study refers to the concept put forward by Miles and Huberman, (1992: 19) which consists of several stages including data reduction, data presentation, conclusion drawing and verification, triangulation with theories.

## 4. Results and Discussion

### 4.1. Accountability

It can be concluded that its financial accountability is vertically, not related to local government. This makes the financial reporting of the National Defense Agency of North Sumatra Province in the line of the Ministry of Agrarian Affairs represented by the regional office, and reconciliation is carried out on expenditures and funding disbursements from the state treasury, in connection with financial reports in each field, namely accountability or financial reports reported to the financial sector and then evaluations are held related to financial reports every month. Regarding the form of responsibility of the National Land Agency of North Sumatra Province, namely by reporting based on the work program and reporting the results of work along with the budget expenditure on activities to be carried out and will be carried out, and regarding the realization of obligations carried out, namely being responsible for the budget by channeling the budget accordingly and accurately, then spending the budget properly both on the implementation of work programs and on the procurement of goods, and also saving the budget for the addition of existing work programs. saving the budget for the addition of existing work programs.

### 4.2. Transparency

It can be concluded that regarding transparency in the financial management of the national land agency of North Sumatra Province, this is done by evaluating every month to superiors and outlined in a written report and in detail so that nothing is covered in budget management. And the agency's openness in providing easy and fast information for the public, namely with online media such as the use of office websites that provide complete and clear information, then using social media such as Instagram, Facebook and Twitter to upload activities, and also broadcasting local television media in North Sumatra province, as well as print media and online news.

### 4.3. Empowerment

It can be concluded about what employee empowerment is like at the National Land Agency of North Sumatra Province, namely by including employees for financial training, and seminars and also coaching from KPPN regarding financial management and providing support by providing scholarships to continue education.

## 5. Conclusions

### 5.1. Accountability

Accountability in the financial governance of the National Land Agency can be said to be good because the accountability carried out by the agency to the regional representatives directly by the Ministry of Agriculture has been carried out in accordance with the standards and implementation of financial reporting then accountability is also carried out financial evaluation in each field at the National Land Agency of North Sumatra Province in financial reporting both expenditure and income owned by each field with financial accountability able to be accounted for and reported in accordance with the use of the budget by the National Land Agency of North Sumatra Province.

### 5.2. Transparency

Openness in the financial governance of the National Land Agency of North Sumatra Province is considered not fully open in managing finances. because there is no openness to the public, but the openness of the Land Agency to the institution and its reporting has been carried out properly. By providing clear information on By providing clear information on financial reporting, approaches made to the community by using social media to interact so that this openness can avoid financial irregularities and misuse that can occur in financial management.

### 5.3. Empowerment

Empowerment in financial governance at the national land agency of North Sumatra Province is considered good because the empowerment of financial employees is routinely provided with training and included in employee HR improvement activities. So that the quality of empowerment is so far fine because the quality of employees after carrying out empowerment has also improved.

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