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## Planning, Budgeting and Forecasting at At-Turots Al-Islamy Hospital in Yogyakarta

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### **Abstract:**

*Budgeting participation is very important to add information that can reduce the ambiguity of roles that support improvements in hospital performance. Management of hospital operating income and costs needs to be done with professional management. This research was a qualitative descriptive study with data collection techniques used interviews, observations, and supporting data. Data analysis consisted of 3 stages, those were data reduction, data presentation, and conclusion drawing / verification. The budget planning process at the At-Turots Al-Islamy Hospital Yogyakarta was not optimally yet, forecasting provided significant benefits in estimation accuracy in the form of savings on funds and provides an effective and efficient description of expenditure estimates. 2018 Proceeding Healthcare. All rights reserved*

**Keywords:** Planning, budgeting, forecasting

### **1. Introduction**

Tasks and obligations of government in all countries are to provide and administer welfare for every citizen. However, this can be realized if government can ensure that various policies and projects that aim to fulfill economic and social obligations are implemented. Obligations fulfilled can be seen in fields of education, food security, housing, creating jobs, providing social facilities and health care, one of which is a hospital (Olanrewaju, 2016).

Increasing the need for public health requires hospitals to increase ability of its resources to provide good, quality and professional services both in terms of resources, facilities and infrastructure, and the readiness of funds to provide services (Ministry of Health, 2015). Hospitals as Public Service Agencies (BLU) and Regional Public Service Agencies (BLUDs) that serve public interest, of course must prioritize good service to community, so that in supply of goods and services sold, profits are not the main goal achieved. Therefore, as a government agency, hospitals in carrying out their operations focus more on efficiency and effectiveness (Ashanti, 2014)

Hospitals now face tighter management challenges and pressure from health insurance institutions, namely auditing costs caused by increased medical costs and medical services. The implementation of health insurance has also intensified competition between inter-hospital health care (Cheng Tsung Ku, 2011). This has a role in improving the quality of health services and will subsequently have an impact on the implementation of the National Health Insurance System, as well as pressure in the financial sector.

Environmental uncertainties derived from measures taken by the government and health service users have demanded hospitals to strengthen service performance in the areas of operational excellence and financial structures (Aidemark and Funck, 2009). One of the results of a study conducted by Olurankinse (2012) shows that budget performance as a fund adequacy function states that inability to meet expectations and sub-standard performance is a result of poor budget processes coupled with poor fund management. Therefore, a careful planning is required in preparation of appropriate budgeting and forecasting.

In field of accounting management, budgeting control system is a common tool used in controlling costs and improving performance. Through planning, implementing and auditing budgets, managerial functions (planning, coordination, motivation, and control) can be through. Among the budget control systems, participatory budgeting is one with encouraging effects (Cheng Tsung Ku, 2011). Financial impacts that are expected to occur as a result of the work plan are then compiled and evaluated through the budget preparation process

Budgeting participation is very important to add information that can reduce ambiguity of roles that support improvements in hospital performance (Fransiska, 2013). Management of hospital operating income and costs needs to be done through professional management.

Management of hospital financial management includes the preparation of income and expenditure budgets (budgeting), accounting (accounting), financial auditing (auditing) and procurement (purchase and supply) (Artini, 2015).

At-Turots Al-Islamy Hospital in Yogyakarta is fully responsible for managing financial management as well as the course of business. In order to realize the vision of the At-Turots Al-Islamy Hospital in Yogyakarta, which is to become the general public hospital in the western Sleman region, which has services in accordance with Islamic law with patient-focused care by realizing Islamic values throughout aspects of hospital services and management.

To increase acceleration of the performance indicators that have been set, it is necessary to maintain the continuity of hospital service improvement programs. Systematic, directed, integrated planning is necessary in the overall business budgeting, synergy by involving cooperation and commitment from all units / installations / sections / fields. Consequently, the At-Turots Al-Islamy Hospital in Yogyakarta carries out annually the activities of preparing a Business Plan and Budget (RBA).

This activity is carried out by using the Bottom-Up method. This is conducted to determine the unit / installation work program and the needs of each unit / installation so that management can determine the unit / installation work program and the needs of each unit / installation which will be a priority. RBA in the hospital is an important factor, in the hospital application requires the preparation of RBA planning, budgeting and forecasting in the hospital.

## 2. Research Methods

This research was a qualitative descriptive study with data collection techniques of interviews, observations, and using supporting data. Data analysis used 3 stages, namely data reduction, data presentation, and conclusion drawing / verification.

## 3. Research Results and Discussion

### 3.1. Planning at At-Turots Al-Islamy Hospital in Yogyakarta

Planning is a very significant factor for hospitals, without budget planning the hospital cannot carry out services and carry out a comprehensive operation. Each activity requires careful and systematic planning so that the objectives to be achieved can be carried out smoothly, therefore in the Hospital budget planning must pay attention to the vision and mission, indicators of Hospital services and refer to the strategic plan and adjust to Regional Original Income (Agusalim et al. 2013)

The results of the interviews show that the budget planning process carried out at At-Turots Al-Islamy Hospital in Yogyakarta is known to have not run optimally. Although budget planning is prepared by each unit and then submitted to superiors, based on the consumptive method has not gone well. This shows that budget planning runs well but in consumptive terms it is still not good, so the planning process has not been maximally. This means that there is good human resource participation between parts in the preparation of budget planning at the At-Turots Al-Islamy Hospital in Yogyakarta.

Fransiska's (2013) study states that participation involves service units in hospitals starting from the installation or between service units in the Hospital, in accordance with the planning concept with a participatory approach that subordinates / all parties are given the opportunity to participate in various decisions made by the organization, both the decisions will directly or indirectly affect the performance of the hospital.

In its consumption related to the pharmacy section it is considered not good because of the existence of some equipment and drugs that are often hampered due to the collection process. Whereas in the general section there are still some data that are less valid, so that budgeting is not well planned. Supported by respondents' responses based on the results of the questionnaire shows that the biggest obstacle in the use of effective and efficient data in the planning process is data quality and costs. This is because the budget refers to the inclusive plan used by the organization to obtain and use financial resources and non-financial resources for a certain period of time. This illustrates the organization's action plan in a format that can be quantified (Tsung Lu, 2011).

The relationship with the existing obstacles, the hospital has several solutions so that the planning process runs optimally, including increasing accuracy in data collection and improving all budgets submitted by each section. Therefore, the submission of infrastructure facilities planning must be adjusted to the priority scale of needs and consider the financial condition of the Hospital. In addition, the hospital also wishes to request financial assistance from the foundation. Olanrewaju (2016) states that to meet budget goals, it is very important to set aside savings or companies can borrow from outside sources.

In budget planning the At-Turots Al-Islamy Hospital in Yogyakarta has carried out the budgeting mechanism both internally in the Hospital and the mechanism regulated by the government. This is evidenced in the budget planning of the Hospital always based on the request from the bottom (bottom up) through a structural relationship directly or according to the type of demand and needs to whose duties and functions are needed then arranged in the form of activities that are carried out. The mechanism has been adjusted to the Programs and activities in the Hospital Strategic Plan.

### 3.2. Budgeting at At-Turots Al-Islamy Hospital in Yogyakarta

According Ikhsan, et al (2014: 163) budget is a plan that is arranged systematically, covering all company activities which are stated in financial units and are valid for a certain period of time to come. The budget is the result of output, especially in the form of estimates that will be implemented in the future. The results of the interviews show that the implementation of the budgeting system at At-Turots Al-Islamy Hospital in Yogyakarta has run quite well.

Although it has not been implemented optimally, the implementation of a good enough is not free from all fields that play a role in the implementation of budgeting, including the head of the finance department. In addition, the

availability of funds is the key to successful budget implementation implemented by At-Turots Al-Islamy Hospital Yogyakarta so far. According to Sasongko (2010) good budgeting is to make it easier for organizational members to understand the targets to be achieved by the company and to see the relationship between one work plan and another. In the management of the management organization set a Budget or Budget. Where the budget is an important tool for short-term planning and control in the organization. Respondents' responses show that as many as 75% of respondents stated that the financial part is the most part of the current planning process. In addition, the infrastructure and director's parts also play a role in spending time in the current and future budgeting processes. Where the infrastructure is related to budget planning for the completeness of the infrastructure needed by the hospital, while the finance department is the party that is directly involved in the realization of the budget, and the director must estimate the income and give approval that is budgeted or planned by each part. The existence of good cooperation will support the creation of a good budget.

A good budget can be used as a reference so that operational activities continue properly and in accordance with existing funds, thus there will be no over or under budget. Tsung Lu (2011) states that only when the budget leader has a positive budget attitude, he is able to achieve the functions of financial management budgeting, cost control, resource planning, and performance measurement. Because the achievement of the budget target ratio is the performance of the articles of association related to top management, such as the ratio of achieving medical costs, medical income, and medical gross margins. Therefore, the higher its usefulness and budget relevance, the more it helps organizations to accurately assess whether each department meets strategic objects or the National Health Insurance regulatory requirements.

The results of the interviews show that budgeting at At-Turots Al-Islamy Hospital in Yogyakarta is known to be good enough but has not been implemented optimally, there are some activities that are not yet in accordance with the needs of the hospital, such as the operational process that is still constrained so that improvements need to be made to create budgetary maximum. An effective budget will motivate members to work towards organizational goals, which can also function as departmental performance control criteria.

### *3.3. Forecasting at At-Turots Al-Islamy Hospital in Yogyakarta*

In the performance forecasting stage, the hospital can obtain usefulness to improve the implementation and re-planning of a program, in connection with this it is necessary to have several activities carried out, including checking the relevance of the program in terms of continuous small changes, measuring progress against the target planned, determine the causes and factors inside and outside that affect the implementation of the program (Fransiska, 2013).

Based on the results of the interview, it is known that the existence of external data will provide significant benefits to budgeting forecasting such as savings in funds, accuracy of income and budget expenditures of a hospital that meets Hospital needs. Reviewing the data 3 months to 1 year ago will give an overview of the success and / or failure of a policy or program in achieving the goals and objectives that have been set.

In addition, the forecasting will provide future estimates so that Yogyakarta's At-Turots Al-Islamy Hospital finances will run effectively and efficiently. In line with Artini's (2015) statement that forecasting results are useful as a source of information in making decisions to continue, make improvements, or stop an organization's policies, programs and activities. Estimation activities that are carried out properly will provide estimates of income and expenses appropriately, and vice versa.

The results of respondents' responses related to planning, budgeting and estimation are company processes that connect operations with finance, as many as 100% of respondents think that budgeting and forecasting planning must be carried out in partnership between operations and finance taking into account company risks. The human resources that compile the budget will generate forecasting according to the results of the budget. It is able to track expected business performance, so that timely decisions can be taken to overcome deficiencies in targets, or maximize opportunities that arise (KPMG, 2015).

Aalto's (2012) research shows that when forecasting reports are used interactively, they must lead to a revised action plan as shown, so that the forecasting and organization processes will be aligned to enable information to be integrated and can increase the accuracy estimates, so that knowledge and better consensus within the organization can be achieved.

Directors and finance departments are parties who play a role in the process and decision makers of forecasting now and in the future. To prepare reliable predictions, people who prepare them must be people who know the environment competitively (Aalto, 2012). If the finance department is the party that compiles and has had good experience in budget management, the director is a party that is related to policy making through the help of public managers in assessing the achievement of a strategy through financial and non-financial measures. The measurement system can be used as an organizational control tool, because measurements can be strengthened by establishing a reward and punishment system

## **4. Conclusion**

- The budget planning process at the At-Turots Al-Islamy Hospital in Yogyakarta is known to have not run optimally. In practice, budget planning works well because it is arranged based on the participatory of each unit to the boss, but based on the consumptive method has not gone well.
- Budgeting at the At-Turots Al-Islamy Hospital in Yogyakarta is known to be good enough; there are still some activities that are not in accordance with the needs and hospitals, so that budget improvements need to be done to create maximum budgeting.

- Forecasting activities at At-Turots Al-Islamy Hospital in Yogyakarta provide significant benefits in terms of accuracy of estimation in the form of saving funds and giving an estimate of the expenditure estimates effectively and efficiently.

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