FACTORS FOR IMPLEMENTING CAPITAL EXPENDITURE IN THE REGIONAL GOVERNMENT OF WEST SUMATRA PROVINCE 2018-2021

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ARTICLE INFO	ABSTRACT
Keywords: Original Local Government Revenue; General Allocation Fund; Capital Expenditure	The implementation of regional autonomy provides an opportunity for regional governments to further develop the potential of their regions. To develop the potential of the region, regional governments need to increase the capital expenditure budget. The sources of funds used to finance capital expenditure consist of Original Local Government Revenue (PAD), General Allocation Funds (DAU), Special Allocation Funds (DAK) and Profit Sharing Funds. This research aims to determine the effect of Original Local Government Revenue (PAD) and General Allocation Funds (DAU) on Capital Expenditures. This type of research is quantitative research with an associative (relationship) approach. The population of this research is all regency/cities in West Sumatra. The sampling technique used was total sampling. The data used is the 2018-2021 West Sumatra Province Regency/City Regional Revenue and Expenditure Budget Realization Report. Partially, the research results show that Original Local Government Revenue (PAD) influences Capital Expenditures and General Allocation Funds (DAU) also influences Capital Expenditures. Meanwhile, simultaneously, Original Local Government Revenue (PAD) and General Allocation Funds (DAU) influence Capital Expenditures.
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1. INTRODUCTION

Based on the general provisions in Regional Autonomy Law No. 11 of 2020 concerning Regional Government, Regional Autonomy is the right, authority and obligation of autonomous regions to regulate and manage government affairs and the interests of local communities in accordance with statutory regulations. With the existence of Law No. 11 of 2020, the implementation of Regional Autonomy must be carried out as well as possible to achieve the goals. The aim of Regional Autonomy is that it is hoped that each autonomous region will be able to provide welfare for the public, improve services, especially in the public sector and be able to manage regional finances optimally. Thus, the role of regional government in developing the potential resources of the region is very important. The role of Regional Government in implementing regional development must continue to be increased, in line with national development. This is intended to realize more real and responsible regional autonomy. This authority aims to bring government services closer to the community, and make it easier for the community to monitor and control the use of funds sourced from the Local Government Budget (APBD) [1].

Regional governments allocate funds in the form of capital expenditure budgets in the APBD to increase fixed assets. This capital expenditure allocation is based on regional needs for facilities and infrastructure, both for the smooth implementation of government tasks and for public facilities. Therefore, in an effort to improve the quality of public services, local governments should change the composition of their spending. So far, regional spending has been mostly used for routine spending which is relatively less productive [2]. It is better to use spending for productive things, for example to carry out development activities, then government revenues should be more for public service programs. This opinion implies the importance of allocating spending for various public interests [3].

Capital Expenditure is one of the direct expenditure components in the government budget which produces output in the form of asset still. Capital expenditures are closely related to long-term financial planning, especially financing for maintenance asset fixed amount resulting from the capital expenditure. According to the Multi-Term Expenditure Framework (MTEF) concept, Capital Expenditure policies must pay attention to the usefulness and financial capability of local governments (budget capability) in

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allocating asset that is in the long term [3].

The implementation of regional autonomy provides regional governments with the opportunity to further develop regional potential. To develop regional potential, regional governments need to increase the capital expenditure budget. The sources of funds used to finance capital expenditure consist of Original Local Government Revenue (PAD), General Allocation Funds (DAU), Special Allocation Funds (DAK) and Sharing Funds. Results.

Original Local Government Revenue is regional revenue from the regional tax sector, regional levies, results from regionally owned companies, results from the management of separated regional assets, and other legitimate Original Local Government Revenue [4]. This Original Local Government Revenue consists of regional tax proceeds, regional levy proceeds, separated regional wealth management results and other legitimate Original Local Government Revenue. Currently, there are still many problems faced by regional governments related to efforts to increase regional revenues, limited facilities and infrastructure that do not support investment, raising the question of how PAD actually relates to capital expenditure, whether due to low PAD or in appropriate allocation. Original Local Government Revenue (PAD) is one of the factors that supports the independence of a region. A region can be said to be independent if its Original Local Government Revenue is large and the level of dependence on the central government is lower. On the other hand, if a region's Original Local Government Revenue (PAD) is low, dependence on the central government will be higher.

The administration of government by the central government and autonomous regions is deemed necessary to place greater emphasis on democratic principles. A high allocation of PAD funds can certainly increase regional capital expenditure. Allocation of PAD funds to various types of infrastructure and asset others will increase regional capital expenditure. The size or size of the allocation of PAD funds by a regional government will influence the size or size of that region's capital expenditure. The increase or decrease in regional capital expenditure is directly proportional to the size or size of the allocation of PAD funds in question. The results of previous research show that original local government revenue (PAD), general allocation funds (DAU), and special allocation funds (DAK) have an effect on capital expenditure allocation by 87.0% [2]. Original Local Government Revenue has a positive effect on the allocation of Capital Expenditures [5]. Alpi and Sirait Research [6] shows that original local government revenue does not have a significant effect on capital expenditure in regency/cities in North Sumatra province in 2014-2018.

Each region has different financial capabilities in financing its activities, this creates fiscal imbalances between one region and another. Therefore, to overcome this problem, the government allocated funds sourced from the APBN to fund regional needs in implementing decentralization. One of the balancing funds from the government is the General Allocation Fund. Capital Expenditure is part of regional expenditure which is also funded from the General Allocation Fund and calculated by the regional government in the Regional Revenue and Expenditure Budget. This General Allocation Fund emphasizes aspects of equity and justice which are in line with the administration of government affairs. With this transfer from the center in the form of a General Allocation Fund, it is hoped that regional governments will be able to allocate the Original Local Government Revenue obtained to finance Capital Expenditures in their regions.

The General Allocation Fund comes from the State Budget (APBN), where the General Allocation Fund (DAU) is expected to help finance regional capital expenditure. The greater the General Allocation Fund received by the region, the greater the regional capital expenditure. Research results from Sianturi and Putri [3] The results show that Original Local Government Revenue, General Allocation Funds and Special Allocation Funds have a positive and significant influence on the Capital Expenditure Budget. The results are the same as Alpi and Sirait's research [6] that special allocation funds have a significant effect on capital expenditure in regency/cities in North Sumatra province in 2014-2018. General Allocation Funds have a negative and significant effect on Capital Expenditures [7].

Literature Review

Capital Expenditures

According to Defitri [8], capital expenditure is budget expenditure for the purchase and procurement of goods for the acquisition of fixed assets and other assets that have a useful life of more than one accounting period. Capital expenditure is intended to obtain regional government fixed assets, namely equipment, buildings, infrastructure and other fixed assets. Capital expenditure can be measured from expenditure on land, equipment/machinery, buildings/structures, irrigation roads, networks, other fixed assets and other assets. According to PP no. 71 of 2010 concerning Government Accounting

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Standards, Capital Expenditures are budget expenditures used to acquire or increase fixed assets and other assets that provide benefits for more than one accounting period.

Yuesti [9], explains the types of capital expenditure consisting of 5 main categories, namely:
a. Land Capital Expenditures
b. Capital Expenditures for Equipment and Machinery
c. Building and Building Capital Expenditures
d. Capital Expenditure for Roads, Irrigation and Networks
e. Other Physical Capital Expenditures

Gunantara and Dwirandra [10] state that the fundamental factors that influence Capital Expenditure are economic growth (GRDP growth), Original Local Government Revenue (PAD), and General Allocation Funds (DAU).

Original Local Government Revenue

According to Law Number 33 of 2004 concerning Financial Balance Between the Center and the Regions article 1 number 18 [11], states that Original Local Government Revenue, here in after referred to as PAD, is income obtained by the region which is collected based on regional regulations in accordance with statutory regulations. According to Yuesti et. al. [9], Original Local Government Revenue is regional revenue from the regional tax sector, regional levies, results from regionally owned companies, results from the management of separated regional assets, and other legitimate Original Local Government Revenue. From the two opinions regarding the meaning of Original Local Government Revenue above, it can be concluded that Original Local Goverment Revenue is regional revenue originating from the region itself where the funds obtained are managed by the regional government and its staff and have been regulated by statutory regulations.

According to Yuesti [9], the source of original local government revenue is divided into several parts, namely:
a. Local tax
b. Regional Levy
c. Results of Management of Separated Regional Property
d. Miscellaneous Receipts

General Allocation Fund

According to Government Regulation Number 189 of 2019 [12], General Allocation Funds are funds that come from the APBN allocated with the aim of equalizing finances between regions to finance expenditure needs in the context of implementing decentralization. According to Sudaryo [13], General Allocation Funds are funds that come from the APBN allocated with the aim of equalizing financial capacity between regions to finance needs expenditure. From the two opinions above, it can be concluded that the General Allocation Fund is a transfer fund from the central government sourced from the State Budget (APBN) and allocated to each region with the aim of financial equality between regions to finance regional expenditure and expenditure needs.

Provisions for calculating general allocation funds according to Sudaryo [13] are as follows:
a. The General Allocation Fund (DAU) is set at at least 26% of domestic revenues specified in the APBN.
b. General Allocation Fund (DAU) for regions province and for regency and city areas it is set at 10% and 90% respectively of the General Allocation Fund as specified above.
c. The General Allocation Fund for a particular Regency and City area is determined based on the multiplication of the General Allocation Fund amount for the relevant regency and city.
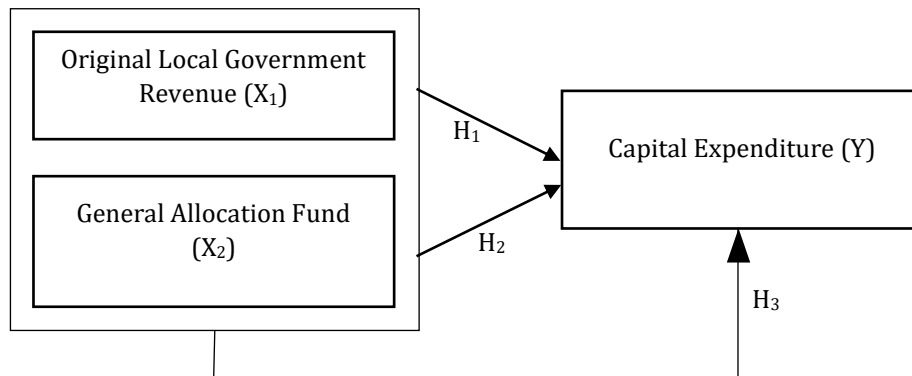d. Regency and City portion as intended on is the proportion of the weight of regency and cities throughout Indonesia.

Figure 1. Conceptual Framework for Research

Research Hypothesis

The hypothesis in this research is as follows.

a. The Influence of Original Local Government Revenue on Capital Expenditures

Currently, there are still many problems faced by regional governments related to efforts to increase regional revenues, limited facilities and infrastructure that do not support investment, raising the question of how PAD actually relates to capital expenditure, whether due to low PAD or inappropriate allocation. Original Local Government Revenue (PAD) is one of the factors that supports the independence of a region. A region can be said to be independent if its Original Local Government Revenue is large and the level of dependence on the central government is lower. On the other hand, if a region's Original Local Government Revenue (PAD) is low, dependence on the central government will be higher. The administration of government by the central government and autonomous regions is deemed necessary to place greater emphasis on democratic principles.

The results of previous research show that original local government revenue (PAD), general allocation funds (DAU), and special allocation funds (DAK) have an effect on capital expenditure allocation by 87.0% [2]. Original Local Government Revenue has a positive effect on the allocation of Capital Expenditures [5]. Study Alpi and Sirait [6] shows that original local government revenue does not have a significant effect on capital expenditure in regency/cities in North Sumatra province in 2014-2018. Based on the description above and research results previous, then it can be concluded that hypothesis I (H1) in this study is as follows:

H1: Original Local Government Revenue influences Capital Expenditures in Regencies and Cities in West Sumatra in 2018-2022.

b. The Influence of General Allocation Funds on Capital Expenditures

One of the balancing funds from the government is the General Allocation Fund. Capital Expenditure is part of regional expenditure which is also funded from the General Allocation Fund and calculated by the regional government in the Regional Revenue and Expenditure Budget. This General Allocation Fund emphasizes aspects of equity and justice which are in line with the administration of government affairs. With this transfer from the center in the form of a General Allocation Fund, it is hoped that regional governments will be able to allocate the Original Local Government Revenue obtained to finance Capital Expenditures in their regions.

Research results from Sianturi and Putri [3], the results show that Original Local Government Revenue, General Allocation Funds and Special Allocation Funds have a positive and significant influence on the Capital Expenditure Budget. The results are the same as the research Alpi and Sirait [6] that special allocation funds have a significant effect on capital expenditure in regency/cities in North Sumatra province in 2014-2018. General Allocation Funds have a negative and significant effect on Capital Expenditures [7]. Based on the description above and research results previous, then it can be concluded that hypothesis II (H2) in this study is as follows:

H2: General Allocation Funds influence Capital Expenditures in Regencies and Cities in West Sumatra in 2018-2022.

c. The Influence of Original Local Government Revenue and General Allocation Funds on Capital Expenditures

Original Local Government Revenue (PAD) is one of the factors that supports the independence of a region. A region can be said to be independent if its Original Local Government Revenue is large and the level of dependence on the central government is lower. On the other hand, if a region's

Original Local Government Revenue (PAD) is low, dependence on the central government will be higher.

Capital Expenditure is part of regional expenditure which is also funded from the General Allocation Fund and calculated by the regional government in the Regional Revenue and Expenditure Budget. This General Allocation Fund emphasizes aspects of equity and justice which are in line with the administration of government affairs. With this transfer from the center in the form of a General Allocation Fund, it is hoped that regional governments will be able to allocate the Original Local Government Revenue obtained to finance Capital Expenditures in their regions.

Research results from [5], states that Original Local Government Revenue, General Allocation Funds and Special Allocation Funds together (simultaneously) have a significant influence on Capital Expenditures in East Java Province in 2013-2018. Test results carried out by Alpi and Sirait [6], shows that the results simultaneously show that all independent variables, namely economic growth, original local government revenue, general allocation funds and special allocation funds together significant influence on capital expenditure in regency/cities in North Sumatra province in 2014-2018. Based on the description above and research results previous, then it can be concluded that hypothesis III (H3) in this study is as follows:

H3: Original Local Government Revenue and General Allocation Funds simultaneously influence Capital Expenditures in Regencies and Cities in West Sumatra in 2018-2022.

2. METHOD

The type of research used in this research is quantitative with an associative (relationship) approach which aims to determine the relationship between two or more variables. The population in this study were all regencies/cities in West Sumatra Province. The sampling technique used was total sampling, namely using the entire existing population as a research sample. And the sample for this research is all regency/cities in West Sumatra. The data used is the Regency/City Regional Government Budget Realization Report in West Sumatra Province for 2018-2021. The variables used in this research include: 1) Dependent Variable, namely Capital Expenditure (Y); 2) Independent variables, namely Original Local Government Revenue (PAD) (X1) and General Allocation Funds (DAU) (X2).

Table 1 Definition of Operational Research

Research variable	Operational definition	Formula	Unit
Original Local Government Revenue (PAD) (X1)	Original Local Government Revenue (PAD) is revenue from regional sources themselves, which is collected based on regional regulations and applicable laws and regulations which consist of Regional Tax Results, Regional Levies, Income from Regional Company Profits and other legitimate income [11].	PAD = Total Original Local Government Revenue (PAD) [11]	Rupiah
General Allocation Fund (DAU) (X2)	General Allocation Funds (DAU) are funds originating from the APBN which are allocated with the aim of equalizing financial capacity between regions to finance their expenditure needs in the context of implementing decentralization [11].	Regency/City DAU = Regency/City General Allocation Fund amount [11]	Rupiah
Capital Expenditure (Y)	Capital Expenditures are budget expenditures by the government which are in the nature of increasing inventory or adding fixed assets which provide benefits for more than twelve months (one accounting period) and are used for public purposes [14].	Capital Expenditure = Total Capital Expenditure [14]	Rupiah

Data analysis in this research uses techniques which will be described as follows:
1. Classic assumption test
   This test consists of: (1) Normality Test, aims to find out how much data is normally distributed in the variables used in this research [15] (2) Multicollinearity Test, aims to test whether in the regression equation a correlation is found between the independent variables [15]; (3) Heteroscedasticity test, aims to test whether in the regression model there is in equality of variance from the residuals of one observation to another observation [15]; and (4) Autocorrelation Test, which is a test where the dependent variable is not correlated with the value of the variable itself, both the value of the previous period and the value of the period after [15].
2. Multiple Linear Regression Analysis
   According to Sahir [15], analysis multiple linear regression is analysis about relationship between one dependent variable with two or more independent variables. To determine the effect of the independent variable on the dependent variable, a multiple linear regression model is used with the following equation:

$$Y = a + b_1 X_1 + b_2 X_2 + e$$

   Information:
   Y : Capital Expenditures
   A : Constant
   b1 : Original Local Government Revenue Coefficient (PAD)
   b2 : General Allocation Fund (DAU) Coefficient
   X1 : Original Local Government Revenue (PAD)
   X2 : General Allocation Fund (DAU)
   E : Error
3. Hypothesis testing
   This test consists of: (1) t test, aims to see the influence of each variable individually on the dependent variable [15]; and (2) F test, aims to see the influence of each variable individually on the dependent variable [15].
4. Coefficient of Determination Test
   According to Sahir [15] the Coefficient of Determination is a statistical value that can be used to find out whether there is an influence between two variables.

3. RESULT AND DISCUSSION

This research uses secondary data in the form of Regency/City Regional Government Financial Budget Realization Reports in West Sumatra Province for the 2018-2021 period, which were obtained directly from the West Sumatra Regional Financial Agency Office. West Sumatra Province consists of 19 regencies/cities, so the number of samples in this study was 76 samples (19 × 4 years). The data in this research was then processed using the IBM SPSS (Statistical Product and Service Solutions) application program version 25.

Analysis of Research Results
Classic assumption test
   a. Normality test

Table 3 Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		56
Normal Parameters, b	Means	-,0000019
	std. Deviation	50614765769,39864000
Most Extreme Differences	absolutely	,092
	Positive	,092
	Negative	-.073
Test Statistics		,092
Asymp. Sig. (2-tailed)		,200[c,d]

Table *Kolmogorov-Smirnov* above shows a significance value of 0.200 > 0.05 or 5%, which indicates that the regression model meets the assumption of normality or that the data is normally distributed.

b.   Multicollinearity Test

Table 4 Multicollinearity Test Results

		Coefficients[a]	
		Collinearity Statistics	
	Model	**Tolerance**	**VIF**
1	PAD	,375	2,667
	DAU	,375	2,667
	a. Dependent Variable: Capital Expenditures		

Test whether it is present or not multicollinearity in The regression model can be done by looking at the Tolerance and Variance Inflation Factor (VIF) values. If the Tolerance value is not less than 0.10 or the same as the VIF is not more than 10, then it is declared that there is no multicollinearity in the regression model. Meanwhile, if the Tolerance value is less than 0.10 or equal to a VIF of more than 10, then it is stated that there are symptoms multicollinearity in the regression model. From the table above it can be seen that the Tolerance value of the PAD variable is 0.375 > 0.10 and the VIF value is 2.667 < 10, the General Allocation Fund variable has a Tolerance value of 0.375 > 0.10 and a VIF value of 2.667 < 10. All variable Tolerance values are not less than 0, 10 or > 0.10 and the VIF value of all variables is no more than 10 or < 10, then it can be concluded that each variable does not exist multicollinearity.

c.   Heteroscedasticity Test

Figure 2 Test results Heteroscedasticity
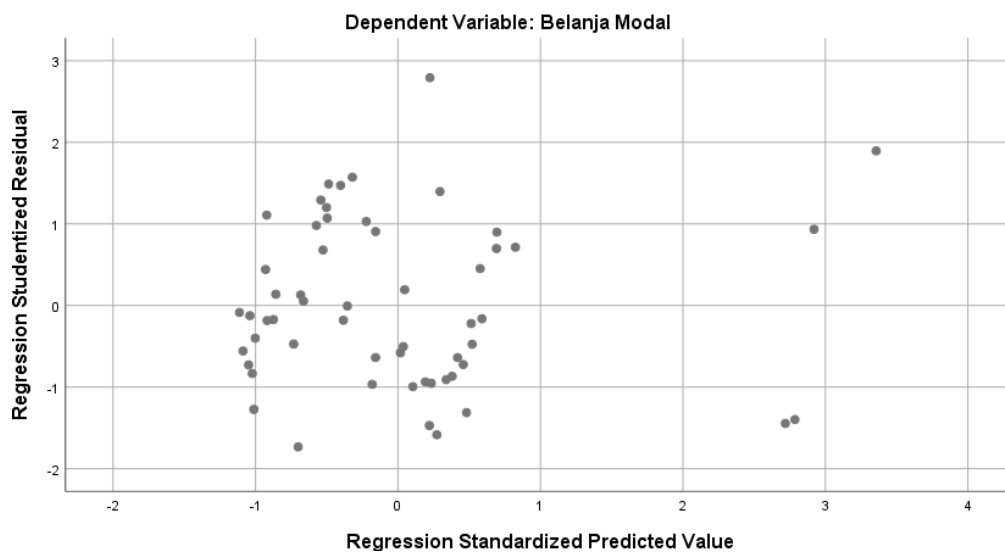
Based on graph above seen that the points are spread randomly, do not form a particular pattern and are spread out, it can be concluded that heteroscedasticity does not occur in the regression model.

d.   Autocorrelation Test

Table 5 Autocorrelation Test Results

				Model Summary [b]	
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**	**Durbin-Watson**
1	,815[a]	,665	,652	51560918040,045200000000000	1,205

In a regression model, data can be said to be free autocorrelation if the Durbin Watson (DW) value is between -2 and +2 (-2 < DW <+2). The Durbin Watson value in the table above shows the number 1.205, which is between -2 < 1.205 < +2. So it can be concluded that in the regression model there are no problems autocorrelation.

Multiple Linear Regression Analysis

Table 6 Results of Multiple Linear Regression Analysis

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-18870710908.051	26892956763,096		-,702	,486
	PAD	,155	,101	,199	1,532	,132
	DAU	,292	,058	,649	4,998	,000

a. Dependent Variable: Capital Expenditures

Based on the table above, the following regression equation model is obtained:

$$Y = -18870710908{,}051 + 0{,}155X_1 + 0{,}292X_2 + e$$

Based on the equation above, it can be analyzed as follows:

1. The constant value is -18870710908.051 The regression equation indicates that if the variables Original Local Government Revenue (X1) and General Allocation Funds (X2) have a value of zero, then the value of Capital Expenditure (Y) decreases by 18,870,710,908,051 rupiah.
2. Mark coefficient Original Local Government Revenue variable (X_1) has a positive value, this indicates that, if the value of Original Local Government Revenue increases by 1 unit, then Capital Expenditure (Y) will increase by 0.155 rupiah, assuming the value of the General Allocation Fund is zero or constant.
3. Mark coefficient The General Allocation Fund (X2) variable has a positive value, this indicates that if the value of the General Allocation Fund (X2) increases by 1 rupiah, then the value of the Capital Expenditure Budget will increase by 0.292 rupiah, assuming the value of Original Local Government Revenue is zero or constant.

Hypothesis testing

a. t test

Table 7 t Test Results (Partial)

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-18870710908.051	26892956763,096		-,702	,486
	PAD	,155	,101	,199	1,532	,132
	DAU	,292	,058	,649	4,998	,000

a. Dependent Variable: Capital Expenditures

Based on the table above, it can be concluded as follows:

1. The Influence of Original Local Government Revenue on Capital Expenditures
From the results of data analysis for the Original Local Government Revenue variable, the calculated t value was 1.532 and the significance was 0.132. Table t values show the number is 1.993, thus the calculated t value is smaller than the t table value of 1.532 < 1.993 and a significance value of 0.132 > 0.05, so it can be concluded that the Original Local Government Revenue variable has no significant effect on the Capital Expenditure variable. So the first hypothesis (H1) which states that Original Local Government Revenue (X1) has an effect on Capital Expenditure is rejected.
2. The Influence of General Allocation Funds on Capital Expenditures
From the results of data analysis for the general allocation fund variable, the calculated t value was 4.998 and the significance was 0.000. Table t values show the number is 1.993, thus the calculated t value is large from the t table value of 4.998 > 1.993 and the significance value is 0.000 < 0.05, so it can be concluded that the General Allocation Fund variable has a significant effect on the Capital Expenditure variable. So the second hypothesis (H2) which states that General Allocation Funds (X2) has an effect on Capital Expenditures is accepted.

b. F test

Table 8 F Test Results (Simultaneous)

	Model	Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	279574407118458920000000,000	2	139787203559229460000000,000	52,581	,000ᵇ
	residuals	140901998264009670000000,000	53	2658528269132258000000,000		
	Total	420476405382468600000000,000	55			

a. Dependent Variable: Capital Expenditures

b. Predictors: (Constant), PAD; DAU

Testing the third hypothesis (H3) of this research can be seen from the F value and variable significance value. From the results of the data analysis above, the calculated F value is 52.581 with a significance value of 0.000. The F table value is 3.12. Thus, the calculated F value is greater than F table 52.581 > 3.12 and the significance value is 0.000 < 0.05, so it can be concluded that there is a significant influence between the Original Local Government Revenue (X1) and General Allocation Fund (X2) variables simultaneously. or together with Capital Expenditures (Y). So the third hypothesis which states that Original Local Government Revenue and General Allocation Funds have a simultaneous or joint effect on the Capital Expenditure variable, is accepted.

Coefficient of Determination Test (R2)

Table 9 Test results Coefficient Determination

Model	R	R Square	Adjusted R Square
1	,815ª	,665	,652

a. Predictors: (Constant), PAD; DAU

b. Dependent Variable: Capital Expenditures

It can be seen that the R Square value is 0.665 or 66.5%. This indicates that around 66.5% of the capital expenditure budget variable is explained by the independent variables in this research, namely Original Local Government Revenue and General Allocation Funds, while the remaining 33.5% is influenced or explained by other variables not examined in this research. Other variables that influence capital expenditure include economic growth [2], special allocation funds [2], Balancing Funds [16] and other variable.

Discussion of Research Results

The Influence of Original Local Government Revenue (PAD) on Capital Expenditures

The research results show that Regional Original Income does not have a significant effect on the Capital Expenditure variable. So the first hypothesis (H1) is rejected. Original Local Government Revenue (PAD) is revenue from regional sources themselves, which is collected based on regional regulations and applicable laws and regulations which consist of Regional Tax Results, Regional Levies, Income from Regional Company Profits and other legitimate income. The sources of funds used to finance capital expenditure consist of Original Local Government Revenue (PAD), General Allocation Funds (DAU), Special Allocation Funds (DAK) and Profit Sharing Funds (DBH). The results of this research are based on general PAD from 2018-2021 based on existing data from Regency/City governments in West Sumatra Province relatively small or tends to decrease, so that income from PAD is spent on capital expenditure needs that are not too large its use, so that PAD cannot be a source of equal distribution of capital expenditure. This result is in accordance with research results from Alpi and Sirait [6] which stated that original local government revenue income did not have a significant effect on capital expenditure in regency/cities in North Sumatra province in 2014-2018. The results of this research contradict the hypothesis in this research and the results of research from Dalail and Hartanto [5] which states that PAD has a positive effect on the allocation of capital expenditure.

The Influence of General Allocation Funds (DAU) on Capital Expenditures

The research results show that the General Allocation Fund has a significant effect on the Capital Expenditure variable. So the second hypothesis (H2) is accepted. The results of this research on Regency/City data in West Sumatra, are in accordance with the function of DAU as part of capital expenditure sourced from the APBN, even though PAD is small, capital expenditure will still be there,

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which is a flow of DAU funds sourced from the center. The research results showing the influence of general allocation funds on capital expenditure support the research results from Sianturi and Putri [3] which show the results that Original Local Government Revenue, General Allocation Funds and Special Allocation Funds have a positive and significant influence on the Capital Expenditure Budget.

The Influence of Original Local Government Revenue (PAD) and General Allocation Funds (DAU) on Capital Expenditures

The research results show that there is a simultaneous or joint influence between the variables Original Local Government Revenue (X1) and General Allocation Funds (X2) on Capital Expenditures (Y). So the third hypothesis (H3) is accepted. Capital Expenditures are budget expenditures by the government which are in the nature of increasing inventory or adding fixed assets which provide benefits for more than twelve months (one accounting period) and are used for public purposes. Capital expenditure consists of expenditure on land, expenditure on equipment & machinery, expenditure on buildings and structures, expenditure on roads, irrigation and networks, as well as expenditure asset still others. Many things can influence the high or low capital expenditure of a region, including original local government revenue and general allocation funds owned by a region. If a original local government revenue is good, the local government will continue to increase its capital expenditure, and vice versa. High original local government revenue is accompanied by an increase in regional capital expenditure. Regions that have high General Allocation Funds will also have high capital expenditure. This is because the General Allocation Funds received by the regions will reduce the cost burden of activities carried out by the regions, so that the regions can allocate larger funds for regional capital expenditure activities.

4.   CONCLUSION

Based on the results of the analysis of the influence of Original Local Government Revenue and General Allocation Funds on Capital Expenditures in Regencies/Cities in West Sumatra for the 2018-2021 period, the following conclusions were obtained: The calculated t value is 1.532 and the significance is 0.132. The t table value shows the number 1.993, thus the calculated t value is smaller than the t table value 1.532 < 1.993 and the significance value is 0.132 > 0.05, so it can be concluded that Original Local Government Revenue does not have a significant effect on Capital Expenditure. The calculated t value is 4.998 and the significance is 0.000. The t table value shows the number 1.993, thus the calculated t value of the t table value is 4.998 > 1.993 and the significance value is 0.000 < 0.05, so it can be concluded that the General Allocation Fund has a significant effect on the Capital Expenditure variable. From the results of data analysis, the calculated F value was 52.581 with a significance value of 0.000. The F table value is 3.12. Thus, the calculated F value is greater than F table 52.581 > 3.12 and the significance value is 0.000 < 0.05, so it can be concluded that there is a simultaneous or joint influence between Original Local Government Revenue (X1) and General Allocation Funds (X2) to Capital Expenditures (Y).

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