

Analysis of Regional Revenue and Expenditure Management

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Abstract

This research aims to find out and analyze how regional income and expenditure management is seen from the economic, efficiency and effectiveness levels of the Bantaeng Regency Government from the 2020-2022 Fiscal Year. The data source used is secondary data in the form of reports on the realization of regional income and expenditure budgets as well as other information related to the problems studied. The results of research and data analysis using quantitative descriptive analysis are used to describe how regional income and expenditure management uses value for money analysis from the economic, efficiency and effectiveness levels of the Bantaeng Regency Government from the 2020-2022 Fiscal Year. Measuring performance in managing the revenue and expenditure budget using value for money analysis concluded that the Bantaeng Regency Government for the 2020 - 2022 budget year had used the economic concept with an average of 90.02%, the efficiency concept with an average of 90.21%, and the concept of effectiveness with an average of 90.92%. Although the three financial performance indicators measured using value for money analysis show relatively good performance, they are still not perfect.

Keywords : Income, Expenditures, Budget

INTRODUCTION

The Republic of Indonesia as a unitary state adheres to the principle of decentralization in administering government. A unitary state is a form of sovereign state that is organized as a single unit. The unitary state places the central government as the highest authority while the administrative regions below it only exercise the powers that the central government chooses to delegate by providing opportunities and freedom for regions to implement regional autonomy.

The implementation of regional autonomy in Indonesia is based on Law Number 23 of 2014 and Law no. 33 of 2004. Law no. 23 of 2014 concerning Regional Government has as its core the division of authority and functions between the central and regional governments and explains that regional governments separate executive functions from legislative functions. Law Number 33 of 2004 concerning Financial Balance between the Central Government and Regional Government, in principle regulates the implementation of regional autonomy by giving broad, real and responsible authority to regions in a proportional manner which is closer to the function of serving the community, and independence to develop area. The enactment of this Law in the implementation of regional autonomy will certainly have consequences for the regions concerned to carry out financial arrangements in the regions within the framework of the implementation aspect of a unitary state which includes the distribution of finances between the central government and regional governments in a proportional, democratic, fair and transparent manner by taking into account the potential , conditions and regional integrity.

The main objective of regulating financial balance is to empower and improve regional economic capacity, create a regional financing system that is proportional, fair, rational, accountable and transparent, to create a central and regional financial balance system that becomes a reference in the allocation of regional revenues and becomes the main guideline for regional finance. (Widjaja: 2005). In Government Regulation no. 105 of 2000, states that

regional finance is all regional rights and obligations in the context of implementing regional government which can be valued in money, including all other forms of wealth related to the regional rights and obligations within the APBD framework. In connection with the importance of this financial position, regional finance is an indicator to determine the region's ability to organize and manage its own household. With the issuance of the law on Regional Autonomy, it will bring consequences for regions that will create differences between one region and another, especially in terms of regional financial capacity. Regional financial management by regional governments in providing public services is manifested in the large allocation of funds in the APBD. According to Halim (2010) APBD is a regional government activity plan which is stated in the form of numbers and shows the source of revenue which is the minimum target and costs which are the maximum limit for a budget period.

The implementation of regional autonomy has logical consequences in the form of the importance of managing finances as effectively and efficiently as possible, starting from planning, implementation, supervision (Susetyo, 2008). Financial report information that is not of good quality (bad) provides opportunities for irregularities and errors in the financial sector. This will give rise to fraud, corruption, collusion which can give rise to legal charges. If this continues, of course the people will suffer the consequences, high transaction costs and poor public service (Haliah, 2013). To find out this, it is necessary to measure financial performance, one of which can be using value for money analysis. This performance measurement has two benefits, including (Jumingan, 2006): (1) it is used to determine the level of success in financial management; and (2) know how to utilize all assets owned by a region. Based on the objectives of measuring regional financial performance, it is an interesting study to study in more depth. Conceptually, the value for money calculation emphasizes the 3E principles (Economic, Efficient and Effective). Considering the importance of economy, efficiency and effectiveness in regional financial management, it is important to prioritize and pay attention to the policy for allocating public service funds .

The Bantaeng Regency Government is one of the autonomous regions in Indonesia which has regional financial sources originating from income such as Regional Original Income (PAD), Balancing Funds, Regional Loans, other legitimate revenues. This income must be managed effectively and efficiently in accordance with applicable laws and regulations, because this income is a source of funds or financing for regional governments to carry out government, community services and regional development. For regional expenditure which consists of direct expenditure and indirect expenditure, expenditure must be managed economically in order to meet the interests of the community.

Previous research conducted by Tito Aditya Perdana, Risanda A. Budiantoro, Febrianur Ibnu Fitroh Sukono Putra (2020) which studied "Measuring the performance of the Surabaya city regional budget, value for money analysis" found that the focus of attention was in terms of economics, efficiency and effectiveness. from budget management, where overall the calculation of the three components shows good results. Over the research period, economic ratios show consistent results and tend to increase. This shows that the performance of the Surabaya City Government has succeeded in saving the budget, in other words, being able to determine budget priorities so that it can minimize unnecessary costs. The efficiency ratio shows very efficient results over the research period. This indicates that the Surabaya City Government has succeeded in producing the performance achieved by using the lowest possible funding sources, this is proven by the comparison between the revenue budget obtained and the amount of actual expenditure. Meanwhile, the effectiveness ratio tends to fluctuate in the effective to very effective range. The effectiveness of this budget is reflected in the level of realization of income allocated by the Surabaya City Government which is greater

than its income allocation.

The similarity with previous research lies in the use of value for money measurements. The difference in this research lies in the research object, where the object of the previous research was the Surabaya city government , while the current research was conducted at the Bantaeng district government. Based on the description above, the author is interested in raising the title "Analysis of Regional Revenue and Expenditure Management"

RESEARCH METHODS

The approach used in this research is a quantitative analysis technique. This is because the researcher intends to obtain an in-depth picture of the management of regional income and expenditure from the economic, efficiency and effectiveness levels of the Bantaeng Regency Government, South Sulawesi, Indonesia. The data for this research is data from the Bantaeng Regency government budget realization report for 2020-2023.

Data collection is carried out by looking directly at the source of the relevant documents. In other words , documentation is collecting data through written and electronic documents. Data collection was carried out by reading and observing existing documents. To analyze the data, it is carried out using references according to Mardiasmo (2009) with the following steps: Value for money measurements are appropriate

a. Economic level

Measuring the economic level requires data on expenditure budgets and their realization. The formula for measuring the economic level is

$$\text{Economy} = (\text{Realized expenditure} / \text{Expenditure Budget}) \times 100\%$$

b. Efficiency level

Measuring the level of efficiency requires cost realization data to obtain income and income realization data. The formula for measuring the level of efficiency is:

$$\text{Efficiency} = (\text{Realized Expenditures} / \text{Budgeted income}) \times 100\%$$

c. Effectiveness level

Measuring the level of effectiveness requires data on income realization and budget or income targets. The formula for measuring the level of effectiveness is

$$\text{Effectiveness} = (\text{Realized income} / \text{Budgeted income}) \times 100\%$$

RESULT AND DISCUSSION

1. Economic Level

Based on the calculation results, it shows that the economic ratios show results that are consistent with economic criteria over the research period. The measurement of the level of regional expenditure of the Bantaeng Regency Government is a quantitative level measurement, where the emphasis on success is measured by the ability to absorb available funds . Every year the amount of the regional budget always increases, and regional governments are required to be able to use the available funds so that they are absorbed and used economically.

Table 1 Percentage of Economic Level

Fiscal year	Budget	Shopping Realization	%	Description TK. Economical
2020	IDR 1,010,701,005,578.72	IDR 935,612,162,319.98	92.57	Economical
2021	IDR 1,092,261,243,501.36	IDR 962,752,200,377.09	88.14	Economical
2022	IDR 1,131,887,538,782.80	IDR 1,011,212,444,331.00	89.34	Economical

Source: Bantaeng BPKD Budget Realization Report 2020-2022

According to calculations with a comparison between actual expenditure and expenditure budget in the table for the 2020 - 2022 Fiscal Year, it can be concluded that the Bantaeng Regency Government has used an economic concept with an average of 90.02%

Based on the realization of spending or expenditure from 2020 - 2022, it is at the economic level or below 100%. This shows that the management of regional expenditure by the Bantaeng Regency Government is good, because the average economic ratio is less than 100%. Only in the 2020 and 2022 fiscal years there is one expenditure item in a balanced economic position, namely financial aid expenditure (100%).

2. Efficiency Level

Based on the calculation results, it shows that the efficiency ratio shows that during the research period, the performance of the Bantaeng Regency Government in allocating its inputs for its output experienced a decrease in the level of efficiency, namely from efficient to quite efficient. According to calculations with a comparison between actual expenditure and budget revenues in the table for the 2020 - 2022 Fiscal Year, it can be concluded that the Bantaeng Regency Government has used the concept of efficiency with an average of 90.21%.

Table 2 Percentage of Efficiency Levels

Fiscal year	Budget revenue	Shopping Realization	%	Description TK. Efficiency
2020	IDR 1,011,150,853,532.00	IDR 935,612,162,319.98	92.53	Efficient
2021	IDR 1,092,831,422,604.29	IDR 962,752,200,377.09	88.10	Quite Efficient
2022	IDR 1,123,629,270,453.80	IDR 1,011,212,444,331.00	90.00	Quite Efficient

Source: Bantaeng BPKD Budget Realization Report 2020-2022

The efficiency measurements in FY 2020, 2021, 2022 provide an indication that the Bantaeng Regency government has shown good performance in managing regional income and expenditure even though the level of efficiency has decreased, this is due to the existence of one expenditure post in an inefficient position in 2021 and 2022, namely unexpected spending of 30% and 24.99% respectively.

3. Effectiveness Level

Based on the calculation results, it shows that the effectiveness ratio, during the research period, fluctuated but was still in the good range, namely effective to quite effective. The Bantaeng Regency Government, through the Regional Financial and Tax Management Agency, emphasizes the importance of regional taxes as an instrument for a source of original regional income which has a strategic role in increasing regional financial capacity and will be used for regional needs with the aim of benefit or welfare of the community.

Table 3 Percentage of Effectiveness Level

Fiscal year	Budget revenue	Income realization	%	Description TK. Effectiveness
2020	IDR 1,011,150,853,532.00	IDR 937,063,236,074.27	92.67	Effective
2021	IDR 1,092,831,422,604.29	IDR 974,580,773,195.45	89.18	Effective enough
2022	IDR 1,123,629,270,453.80	IDR 1,021,368,094,942.31	90.90	Effective

Source: Bantaeng BPKD Budget Realization Report 2020-2022

According to calculations with a comparison between budgeted income and actual income in the table for the 2020 - 2022 Fiscal Year, it can be concluded that the Bantaeng Regency Government has used the concept of effectiveness with an average of 90.92 %. Only in the 2021 budget year there are two income items in a less effective position, namely original regional income (75.41 %) and other legitimate regional income (75.22%).

Analysis of regional income and expenditure management

One method that can be used to analyze the management of regional income and expenditure in Bantaeng district is using the value for money method. According to Khalikussabir, (2007), the context of value for money is not only useful in measuring the costs of goods and services but also includes elements of cost quality, resources used, usage provisions, time limits, ease of assessing whether all of these elements are combined. form good grades.

In the form of implementation of the value for money concept, it is hoped that the Bantaeng Regency Government as a public sector institution can increase its level of accountability and implement good governance. When this can be achieved, there will be an increased sense of public trust in the performance of the Bantaeng Regency Government. The value for money calculation technique used in this research contains three aspects of measurement, namely in terms of economics, efficiency and effectiveness, where each element used is interconnected, namely (Mardiasmo, 2009):

1. Economical

The measurement of the regional expenditure level of the Bantaeng Regency Government is a quantitative level measurement, where the emphasis on success is measured by the ability to absorb the available input. Every year the amount of the regional expenditure budget always increases, and regional governments are required to be able to use the available inputs (funds) so that they are absorbed and used economically.

If we review the performance of the Bantaeng Regency Government from an economic perspective, it can be seen that the actual expenditure funds used are smaller than the allocated expenditure budget. So in other words , what the Bantaeng Regency Government needs to do is save the budget or reduce unnecessary costs or waste, so the main thing of concern in this context is budget priorities.

2. Efficiency

If we review the performance of the Bantaeng Regency Government in terms of efficiency, it can be seen that the revenue budget obtained by the Bantaeng Regency Government is greater than the actual expenditure. So the thing that is the focus for the Bantaeng Regency Government is producing a particular product or work result that is achieved using maximum resources or funds which will of course result in better performance than before.

3. Effectiveness

If we review the performance of the Bantaeng Regency Government in terms of effectiveness, it can be seen that the actual income allocated by the Bantaeng Regency Government is smaller than its revenue budget. So that the results achieved which are proxied

by the realization of income do not reach the stated goals or targets which are proxied by the allocation of income, so the district government must increase its income through taxes, levies, rent, etc

CONCLUSION

Measuring performance in managing the revenue and expenditure budget using value for money analysis concluded that the Bantaeng Regency Government for the 2020 - 2022 budget year had used the economic concept with an average of 90.02%, the efficiency concept with an average of 90.21%, and the concept of effectiveness with an average of 90.92%. Although the three financial performance indicators measured using value for money analysis show relatively good performance, they are still not perfect. What can be emphasized by the Bantaeng Regency Government is determining potential posts for regional income, especially local original income, so that in the future the ratio of income and expenditure from the Bantaeng Regency Government can be better. So it is hoped that by improving the financial performance ratios, the Bantaeng Regency Government will be able to increase its financial performance calculation index through value for money calculations, especially in the three aspects of economics, efficiency and effectiveness.

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