VALUE FOR MONEY, ACTIVITY RATIO, AND GROWTH RATIO ANALYSIS ON REGIONAL GOVERNMENT BUDGET REALIZATION IN GIANYAR REGENCY

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Abstract: The implementation of regional autonomy through provincial/district fiscal decentralization plans has not been fully able to explore sources of regional income which in the future will support regional success in implementing regional autonomy. Financial data on budget realization written in the Budget Realization Report is not sufficient to provide adequate information regarding the financial performance of an area. The research aims to determine the performance of the Gianyar Regency Government in 2017-2021. The type of research used is descriptive qualitative research. The data used in this study is a secondary data source in the form of the Gianyar Regency Government Budget Realization Report for the 2017-2021 fiscal year which was obtained through semi-structured interviews, observations, and documentation in the field. The data is then analyzed by measuring indicators of value for money, activity ratio, and growth ratio. The results showed that the level of performance of the Gianyar Regency Government on average was in the poor category. Related to the condition of the effectiveness of the absorption of Local Own-source Revenue is less than optimal. In the allocation of regional expenditures, the government tends to prioritize operating expenditures compared to capital expenditures. Although local governments are not capable of increasing revenue growth, the level of Local Own-source Revenue in financing regional expenditures is still relatively low.

Keywords: Budget, Value For Money, Activity Ratio, Growth Rasio

Introduction

Analysis of regional financial performance is important to be carried out on the entire structure of the APBD (Syauqi et al., 2019). Measurement of financial management performance is intended to assess whether the policies and strategies that have been implemented have been achieved or not (Bastian, I., 2006). The results of measuring the performance of the previous period can be used as a benchmark for improving performance in the next period (Mahmudi, 2010).

But in reality, both in the provincial and district areas as well as in public organizations budget absorption did not reach the budget targets set in the regional revenue and expenditure (Sugiharti dan Jumaroh, 2021). The Gianyar Regency Government is one part of the region that organizes autonomous government. However, the lack of optimization of regional potential can cause the Regional Original Revenue figure to be disproportionate to the need for expenditure funds in the implementation of government and regional development so that local governments tend to be less effective in managing their regional output. Based on a comparison of all districts in Bali Province for the 2019-2021 budget period accessed from the Ministry of Finance's Data Portal, Gianyar Regency shows that the total realization of regional revenues has consistently declined. In 2021 all regencies in the Province of Bali showed an increase in the realization of their regional income after falling in 2020 due to the impact of the COVID-19 pandemic. However, the Gianyar Regency budget realization report shows a declining percentage of regional revenue realization, in addition to all budget targets that have been adjusted to the impact of the pandemic. This is reflected in the implementation of the realization of the APBD which looks fluctuating which means that it is not implemented consistently from the 2017-2021 period. On the revenue side of Gianyar Regency, it can be seen that transfer income or balancing funds still dominate when compared to Regional Original Revenue.

In connection with this, the Regional Government of Gianyar Regency is deemed necessary to carry out budget realization measurements to reflect the overall performance of the proposed work program. Analysis of regional financial performance is very necessary because this analysis aims as a tool to assess and evaluate the performance of local governments, measure the ability of regional income, to find out regional financial conditions that are easily understood by the general public (Mahmudi, 2019). The performance of the Gianyar Regency Government is assessed based on the input (economic) and output (efficiency) aspects without considering the aspects of results, benefits, and impacts. Based on the theory of experts and previous research, the measurement of

government financial performance in this study is carried out with the Value for money indicator as the main measurement in assessing the performance of the public sector with supporting indicators, namely the activity ratio as a specific assessment of the allocation of regional income to regional expenditures and the growth ratio that describing the growth of local revenue is a benchmark for the importance of using local government performance appraisal indicators.

Method

This research was conducted at Gianyar Regency BPKAD which is part of Gianyar Regency Government, having its address at Gianyar Bali, on Jalan Ciung wanara No. 16. This research was conducted for 6 months, from February 2022 to July 2022. The type of research used is descriptive qualitative which tends to use measurement analysis. In this study the primary data in the form of interviews and observations obtained from the secretary of the Gianyar Regency BPKAD related to the realization of the Gianyar Regency Regional Government Budget. As well as secondary data the data in this study are in the form of the 2017–2021 Budget Realization Report and related literature in the form of books, similar previous research journals, information data on Gianyar Regency from the official website of Gianyar Regency with the laws and regulations that support the research. The data obtained were tested for validity by using a credibility test using 3 triangulation tests, namely source triangulation, technique triangulation, and time triangulation. To conclude the researchers used the following measurement indicators such as value for money, activity ratio, and growth ratio. Researchers will later describe the results of measurements and observations regarding financial performance through the implementation of the Gianyar Regency Government's revenue and expenditure budget in 2017-2021.

Result and Discussion

- **Value for Money**
  - Economic Ratio

Table 1. Measurement Result of Economic Ratio

Fiscal Year	Expenditure Budget Realization	Expenditure Budget	Result	Predicate
2017	1.922.869.451.182,35	2.047.276.473.347,70	94%	Economic
2018	2.038.521.183.302,22	2.161.023.050.818,87	94%	Economic
2019	2.173.738.118.953,29	2.388.646.256.653,20	91%	Economic
2020	1.860.996.531.216,17	2.408.412.380.190,58	77%	Economic
2021	1.902.066.354.519,16	2.438.167.474.345,00	78%	Economic
Avarage			87%	Economic

Source: Data processed, 2022

In the economic aspect, the measurement results show the extent to which public sector organizations can minimize resource inputs used to avoid unproductive expenditures. With the average measurement results within the last 5 years, namely 87%, it is considered economical. The lower the economic ratio obtained, the better the performance of the organization. The results of this measurement are evidenced by savings in operating expenditures and capital expenditures including goods, equipment, and machinery expenditures which are lower than the set budget. This is in line with research conducted by Indrayani and Khairunnisa (2018) that the economic ratio or cost change is said to be good if the level of expenditure realized is lower than what has been budgeted.

- Effectiveness Ratio

Table 2. Measurement Result of Effectiveness Ratio

Fiscal Year	Original Local Government Revenue Realization	Original Local Government Revenue Realization Budget	Result	Predicate
2017	662.738.095.915,98	666.838.833.622,64	99%	Effective
2018	770.204.849.840,88	805.837.538.147,54	96%	Effective
2019	997.478.368.034,78	1.031.347.100.447,89	97%	Effective
2020	545.869.872.998,86	881.017.716.580,19	62%	Not Effective
2021	430.172.105.983,82	757.609.412.690,00	57%	Not Effective
Avarage			87%	Less Effective

Source: Data processed, 2022

The performance of regional financial management looks less good in the original local government revenue effectiveness ratio, this ratio shows the ability of local governments to mobilize local revenue under what has been determined. Based on the measurement results in the period 2017 to 2021, it shows fluctuating results, this is due to the high budget determination while its realization cannot be carried out optimally. The cause of the less than optimal absorption of local revenue is because the local government of Gianyar Regency is indicated to not maximize the potential of the region. Following the statement from the Secretary of the Gianyar Regency BPKAD based on the results of the interview, he stated that most of the obstacles in the absorption of original local government revenue have not been fully optimal due to the lack of cooperative nature of awareness of fulfilling local tax obligations. Therefore, local governments are expected to actively optimize revenue from the potential income that is already available and always innovate by developing alternatives that have the potential to increase local revenue. This is following the statement of Amalia and Purbadharmaja (2015) that local governments are expected to continue to explore potential sources of revenue, especially local revenue.

- Efficiency Ratio

Table 3. Measurement Result of Efficiency Ratio

Fiscal Year	Expenditure Budget Realization	Regional Revenue Realization	Result	Predicate
2017	1.922.869.451.182,35	1.808.799.082.687,84	106%	Inefficient
2018	2.038.521.183.302,22	1.949.430.714.600,04	105%	Inefficient
2019	2.173.738.118.953,29	2.253.168.631.066,05	96%	Less Efficient
2020	1.860.996.531.216,17	1.884.291.843.345,19	99%	Less Efficient
2021	1.902.066.354.519,16	1.569.948.576.676,55	121%	Inefficient
Avarage			105%	Inefficient

Source: Data processed, 2022

The last measurement of the value for money indicator is the efficiency aspect of the assessment which is intended to see how efficiently the spending is applied to achieve the programs/activities that have been budgeted. Shows that 3 of the comparisons between the realization of expenditures and the realization of income are ineffective, which is more than 100%. Based on this assessment, the local government of Gianyar Regency needs to pay attention to the number of costs that will be incurred to realize the overall income received so that there is no indication of waste of expenditure incurred, this can be used as a consideration or adjustment of the amount of the budget in the following year. The inefficient realization of

expenditure on income is influenced by the availability of funds or regional income. this is to the statement of the Secretary of the Gianyar Regency BPKAD regarding the realization of expenditure. If the funds sourced from PAD do not reach the target, it will hinder the realization of the targeted activities. Agree with (Zuhri et al., 2014) although the local government succeeded in realizing revenue receipts following the set targets, this success has no meaning if it turns out that the costs incurred to realize the revenue targets are greater than the realization of the revenues they receive. The performance of local governments in collecting revenue is categorized as efficient if the ratio achieved is less than 1 (one) or below 100 percent.

- **Activity Ratio**
  - Operating Expanditures Ratio

Table 4. Measurement Result of Operating Expanditures Ratio

Fiscal Year	Operating Expenditures	Expenditures Realization	Result	Predicate
2017	1.269.556.917.214,15	1.922.869.451.182,35	66%	Good
2018	1.482.259.459.366,52	2.038.521.183.302,22	73%	Good
2019	1.632.252.228.658,56	2.173.738.118.953,29	75%	Good
2020	1.392.089.314.646,01	1.860.996.531.216,17	75%	Good
2021	1.245.755.015.719,58	1.902.066.354.519,16	65%	Good
Avarage			71%	Good

Source: Data processed, 2022

  - Capital Expanditures Ratio

Table 5. Measurement Result of Capital Expanditures Ratio

Fiscal Year	Capital Expenditures	Expenditures Realization	Result	Predicate
2017	410.169.043.500,44	1.922.869.451.182,35	21%	Not Good
2018	295.400.295.775,70	2.038.521.183.302,22	14%	Not Good
2019	244.242.409.238,73	2.173.738.118.953,29	11%	Not Good
2020	412.079.388.301,16	1.860.996.531.216,17	22%	Not Good
2021	490.371.906.928,58	1.902.066.354.519,16	26%	Not Good
Avarage			19%	Not Good

Source: Data processed, 2022

Operational expenditure realization consisted of personnel expenditure, goods, and services expenditure, interest expenditure, grant expenditure, and social assistance expenditure. Meanwhile, the realization of capital expenditures consisted of capital expenditures for land, equipment, machinery, buildings and structures, irrigation roads and networks as well as capital expenditures for other fixed assets. Based on the calculation of operating expenditure and capital expenditure, it can be seen that the regional government of Gianyar Regency prioritizes regional expenditure funds for operational expenditure purposes so that it appears to dominate capital expenditure. This shows that local governments prefer to carry out financing for short-term and routine expenditures that occur during one period compared to the allocation of investments in the form of capital expenditures. According to local governments, they do not have a regulation regarding the level of capital expenditure, so most of them will prioritize or concentrate on fulfilling operational expenditures, especially on personnel expenditures compared to capital expenditures (Zuhri et al., 2014). However, the balance between the use of regional revenue funds for regional expenditures needs to be improved again by the regional government so that it can equalize all levels of society. However, the balance between the use of regional revenue funds for regional expenditures needs to be improved again by the regional government so that it can equalize all levels of society. In maintaining itself, capital expenditures can greatly affect the progress of a region, if it focuses on infrastructure for the construction of public

facilities such as roads or markets, it will be very helpful in improving the community's economy which will automatically affect the regional income itself.

- **Growth Ratio**
  - Growth

Table 6. Measurement Result of Growth

Fiscal Year	X t - X (t -1)[a]	X (t -1)[b]	Result	Predicate
2017	662.738.095.915,98	529.864.617.918,42	25%	Low
2018	770.204.849.840,88	662.738.095.915,98	16%	Low
2019	997.478.368.034,78	770.204.849.840,88	30%	Low
2020	545.869.872.998,86	997.478.368.034,78	-45%	Low
2021	430.172.105.983,82	545.869.872.998,86	-21%	Low
Avarage			1%	Low

[a]. original local government revenue for the current year
[b]. previous year's original local government revenue
Source: Data processed, 2022

Table 7. Measurement Result of

Fiscal Year	Original Local Government Revenue	Expenditures Realization	Result	Predicate
2017	662.738.095.915,98	1.922.869.451.182,35	34%	Low
2018	770.204.849.840,88	2.038.521.183.302,22	38%	Low
2019	997.478.368.034,78	2.173.738.118.953,29	46%	Low
2020	545.869.872.998,86	1.860.996.531.216,17	29%	Low
2021	430.172.105.983,82	1.902.066.354.519,16	23%	Low
Avarage			34%	Low

Source: Data processed, 2022

The results of the measurement of the financial performance of the regional government of Gianyar Regency through the growth of regional income and expenditure can be assessed as not being able to manage the regional economy. Judging from the available potential, most of it is in the tourism sector but has not been able to guarantee the growth of regional income, as well as the impact of the Covid-19 pandemic which greatly affects the growth rate of Gianyar Regency's original revenue. As seen in the results of the Growth measurement, from 2017 to 2019 income growth was seen to increase with a peak in 2019 reaching a percentage of 30%. However, in 2020 there was a very significant decline reaching -45%, and in 2021 it seen a decline again from the realization of the previous year's local revenue budget reaching -21%. So that the Gianyar Regency government cannot be categorized as good in optimizing its regional income. The results of research on other ratios, namely share, also show the level of use of PAD in financing regional expenditures is in a low category. From 2017 to 2019 it showed a good increase with the highest percentage reaching 46% and experiencing a drastic decline in 2020 reaching a percentage of 29%. The overall average of these measurements can be categorized as low, so it is necessary to re-optimize the use of local revenue by the local government of Gianyar Regency so that it can be maximally distributed to each regional expenditure allocation. Amalia and Purbadharmaja (2015) state that improving the financial performance of local governments in realizing regional development requires harmony between regional incomes in fulfilling regional expenditures.

Conclusion

The purpose of this study was to determine the financial performance of the Gianyar Regency Government. The data that has been collected through in-depth interviews and documentation of the required documents is then measured through the indicators of value for money, activity ratio, and growth ratio. The results obtained from data

analysis, namely, the performance of the Gianyar Regency local government's financial management in 2017-2021 as a whole showed poor results. In detail, although the economic assessment shows that the local government of Gianyar Regency has been able to realize lower expenditures than what has been budgeted, the condition of the effectiveness of the absorption of local revenue indicates that the absorption of original local government revenue is less than optimal, this is reflected by the local government still not being able to streamline its regional finances so that regional expenditure is greater than regional income. The allocation of regional expenditures in Gianyar Regency has not been evenly resolved so there are several regional expenditure posts that cannot be categorized as good, the government tends to prioritize operating expenditures compared to capital expenditures. Based on the measurement of the growth rate of regional income, it can be categorized as a region that has the poor capacity as reflected in the low growth rate of regional original income, as evidenced by the level of original local government revenue in financing regional expenditures is still low.

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