

ANALYSIS OF THE EFFECTIVENESS AND EFFICIENCY OF EXPENDITURES BUDGET AT THE OFFICE OF THE REGIONAL INSPECTORATE, MAMUJU REGENCY, 2019-2021

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ABSTRACT

This study aims to analyze the level of effectiveness and efficiency in managing the expenditure budget, through data on direct expenditure targets, expenditure budget targets, direct expenditure realization and expenditure budget realization at the Regional Inspectorate Office of Mamuju Regency, 2019-2021. Data analysis method used in this study is descriptive quantitative analysis, namely a data analysis tool that functions to describe conditions related to technical budget management from the results of interviews and descriptions results of calculating the ratio of effectiveness and efficiency of budget management at the Regional Inspectorate Office of Mamuju Regency. The results of this study show: First, the effectiveness of the spending budget during 2019-2021 has an average value of 97.85% which indicates an effective condition. Second, the condition for budget efficiency during 2019-2021 has an average value of 35.86% which indicates a very efficient condition. The condition of effectiveness and high efficiency in budget management at the Regional Inspectorate of Mamuju Regency can be an example for regional apparatus agencies in the West Sulawesi region.

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1. INTRODUCTION

Regional Government is a regional apparatus that is responsible for carrying out the duties of the government through the implementation of work programs and activities according to regional needs, in order to achieve the welfare of society in general. The realization of the implementation of work programs and activities always requires adequate sources of revenue and management. In addition to revenue, in each work program and activity the local government must be able to manage the budget effectively and efficiently, so that the achievement of the objectives of the work program and activities has been carried out properly and on target.

The Regional Government has a vision and mission to achieve long-term and short-term goals, especially in terms of budget revenue. Budget receipts are the physical handover of the budget to regional work units that will carry out work programs and activities. Budget revenue plays an important role in achieving the successful implementation of work programs and activities of a government agency as a regional apparatus, such as offices, agencies, bureaus and offices. Based on these conditions, it is necessary to manage the budget properly and correctly in order to avoid non-achievement of goals and objectives in implementing activities.

Obstacles that arise from various requests from the public who want transparency in every use of the budget. This is due to decreased public trust in government agencies in terms of budget management, which is sometimes not on target. The cause of the decline in the credibility of agencies in the community is the still developing issues regarding Corruption, Collusion and Nepotism (KKN) within the scope of government agencies, so that awareness of regional apparatus is needed in improving budget management so that the activities carried out can benefit the general public directly.

Budget transparency can be through public financial accountability in the community. Good and correct budget management can maximize public trust in government agencies. Budget management can start with budget planning per activity to minimize the use of funds on things that are not useful. Budget planning can assist agencies in achieving the objectives of implementing work programs and activities. Preparation of plans as a direction in increasing the effectiveness and efficiency of its performance is one of the efforts made to regulate organizational activities in order to achieve goals (Julita, 2011). Based on these conditions,

The Regional Inspectorate of Mamuju Regency is a government agency that has the main task of auditing budget management, both at local government agencies and village government. The Regional Inspectorate of Mamuju Regency is led by an Inspector who has a position under the Regent and is responsible through the Regional Secretary to the Regent of Mamuju Regency. The operational activities of the Regional Inspectorate Office of Mamuju Regency use funds from the APBD.

2. METHODS

Data Type

- a. **Quantitative data** is data in the form of numbers or qualitative data that is calculated (Sugiyono, 2017). Quantitative data used in this study are:
 - 1) Data on direct spending targets and budget targets for 2019-2021,
 - 2) Data on the realization of direct spending and the realization of the 2019-2021 budget
- b. **Qualitative data** is data in the form of words, schemes or pictures (Sugiyono, 2017). The qualitative data used in this study is a description of the results of employee interviews regarding the technical stages of budget management at the Regional Inspectorate Office of Mamuju Regency

Data sources

- a. **Primary data** is a data source that directly provides data to data collectors. The primary data in this study are:
 - 1) **Observation Method**

Observation is an activity of collecting data by means of observation which is carried out directly and carefully which is then followed up by recording data carefully and systematically on an object under study (Arikunto, 2006). The observation method in this study was carried out by seeing and directly observing the budget documents used in collecting research data at the Regional Inspectorate Office of Mamuju Regency.
 - 2) **Documentation Method**

The documentation method is finding data about things or variables in the form of notes, transcripts, books, newspapers, and so on (Arikunto, 2006). The documentation method in this study is in the form of data collection by reading, analyzing and classifying related data with direct expenditure targets, expenditure budget targets, direct expenditure realization and expenditure budget realization at the Regional Inspectorate Office Mamuju District.
 - 3) **Interview Method**

Interview method or interview is a dialogue conducted by the interviewer to obtain information from the interviewee (Arikunto, 2006). The interview method is a method of collecting data by directly asking the data needed to employees regarding the technical stages of budget management at the Regional Inspectorate Office of Mamuju Regency
- b. **Secondary Data**

Secondary data is data obtained from various documents and reports which has a relationship with the variable effectiveness and efficiency of budget management, including:

 - The 2019 - 2021 Budget Implementation Document (DPA) as budget target data, includes direct expenditure target and budget target
 - Realization Report Document Budget (LRA) for 2019 - 2021 as budget realization data, includes the realization of direct spending and the realization of the spending budget

Research Methods

This study uses a quantitative descriptive analysis with the following description:

a. Descriptive method

Sudjana (2001) defines descriptive research as research that seeks to describe a symptom, event, event that is happening at the present time. Nasution (2006) states the characteristics of the descriptive method, namely:

- 1) Focus on solving current problems or actual problems.
- 2) The data collected is first compiled, explained and then analyzed, so this method is often called the analytical method.

Based on the opinion above, the study uses a descriptive method to describe conditions related to technical budget management derived from the results of employee interviews and describes the results of calculating the ratio of effectiveness and efficiency of budget management at the Regional Inspectorate

Office of Mamuju Regency. The basis of the researchers used descriptive analysis methods in this study, namely:

- 1) This research reveals actual problems that are happening at the present time, especially regarding budget management for the last 3 years at the Regional Inspectorate Office of Mamuju Regency.
- 2) Descriptive methods can provide an overview of the effectiveness and efficiency of budget management and describe the calculation results of the ratio of effectiveness and efficiency.
- 3) Besides being able to collect data, organize data and interpret data, this descriptive method can also conclude data in words.

b. Quantitative Approach

The quantitative approach is an approach that is carried out by analyzing and calculating research variable data using statistical calculations or data processing applications. Izaak Latanussa in Sudjana (2004) stated that quantitative research is research that uses the number method to describe the observation of an object or variable where numbers are part of the measurement. The relationship between the descriptive method and the quantitative approach is when a study has the objective of describing or explaining the events of a current event based on the results of the analysis of the interview process, the results of the analysis of word data and the results of the analysis of numerical (quantitative) data, so as to produce a conclusion that is scientific.

Data Analysis Techniques

The steps to analyze the ratio of effectiveness and efficiency of the budget are as follows:

1) Collecting and Identifying Data

In the first stage, the researcher collected various financial documents starting with the DPA (Budget Executing Document (DPA) and LRA (Budget Realization Report). Next, the researcher identified the classification of direct spending targets, budget targets, direct spending realization and spending budget realization at the Regency Regional Inspectorate Office Mamuju 2019-2021

2) Effectiveness Ratio Analysis

The second stage, processing data using effectiveness ratio analysis. Effectiveness in general is a measure of the extent to which an activity achieves its goals. Mahmudi (2007) states that an organization in carrying out work programs or activities is said to be effective if the output produced is able to meet the expected targets. Mahsun (2009) defines effectiveness as an illustration of the ability of an organization to realize the previously budgeted budget. The level of effectiveness is calculated through a comparison between budget realization and predetermined budget targets. The budget effectiveness ratio as a measuring tool in this study is as follows:

$$Efektivitas = \frac{Realisasi\ Belanja\ Langsung}{Target\ Belanja\ Langsung} \times 100\%$$

Based on the Decree of the Minister of Home Affairs No. 690,900,327 of 1996 concerning guidelines for assessing financial performance in terms of effectiveness by meeting various criteria as follows:

Table 1 Financial Performance Criteria (Effectiveness)

Percentage of Financial Performance	Effectiveness Criteria
>100%	Very effective
90% - 100%	Effective
80% - 90%	Effective enough
60% - 80%	Less effective
<60%	Ineffective

3) Efficiency Ratio Analysis

The third stage, processing data using efficiency ratio analysis. Efficiency in general is a measure of success which is assessed in terms of the amount of resources to achieve the results of implementing activities. Mahmudi (2007), efficiency is a comparison between output (actual spending) and input. Mahsun (2009) states that efficiency is carried out through calculating the ratio between the realization of the direct expenditure budget and the realization of the overall expenditure budget, which is stated in the following formula:

$$Efisiensi = \frac{Realisasi\ Belanja\ Langsung}{Realisasi\ Anggaran\ Belanja} \times 100\%$$

Based on the Decree of the Minister of Home Affairs No. 690,900,327 of 1996 concerning guidelines for assessing financial performance in terms of efficiency by fulfilling various criteria as follows:

Table 2 Financial Performance Criteria (Efficiency)

Percentage of Financial Performance	Efficiency Criteria
>100%	Not efficient
90% - 100%	Less Efficient
80% - 90%	Efficient Enough
60% - 80%	Efficient
<60%	Very Efficient

4) Description of Research Results and Discussion

The fourth stage, discussing the results of research and discussion. Research results can be in the form of a description of the results of statistical calculations which are described again in the form of words. The discussion of the research is a description of the effectiveness and efficiency of budget management accompanied by operational factors that influence the effectiveness and efficiency of this study.

3. RESULTS AND DISCUSSION

3.1 Collecting and Analyzing Data

a. Collecting Data from Documents and Interview Results

The process of collecting data based on the results of interviews is as follows:

The technical stages of budget management in the implementation of work programs and activities begin with; 1) financial planning, 2) proposing financial planning, 3) disbursement of funds, 4) realization of budget management, 5) budget accountability.

The first stage, financial planning is prepared through a Budget Activity Plan (RKA) and determined to become a Budget Executing Document (DPA). The second stage, proposing financial planning to be discussed in the budget discussions carried out in each period. The third stage, disbursement of the budget, namely the process of receiving the budget to various regional apparatuses, one of which is the Mamuju Regency Regional Inspectorate Office, with the aim that the budget is used to carry out work programs and activities according to community needs. The fourth stage, the realization of budget management, namely the realization of the use of the budget in the implementation of work programs and activities. The fifth stage, budget accountability is the final reporting on the implementation of work programs and activities.

In the process of collecting quantitative data, researchers look at financial documents and classify what data or financial reports are needed in the research. The following researchers have classified the financial statements required during the study as follows:

- The 2019 - 2021 Budget Implementation Document (DPA) as budget target data, includes direct expenditure target and budget target
- Realization Report Document Budget (LRA) for 2019 - 2021 as budget realization data, includes the realization of direct spending and the realization of the spending budget

In the data analysis process, the researchers then selected the data from the DPA and LRA reports as follows:

Table 3 Expenditure Budget Target Data Year 2019-2021

Year	Direct Expenditure Target (Rp)	Indirect Expenditure Target (Rp)	Budget Target (Rp)
2019	3,500,000,000,-	3,532,366,525,-	7,032,366,525,-
2020	2,302,789,700,-	4,085,070,584,-	6,387,860,284,-
2021	971.261.769,-	6,283,784,692,-	7,255,046,461,-

Source: DPA Regional Inspectorate of Mamuju Regency, 2022

Table 4 Expenditure Budget Realization Data Year 2019-2021

Year	Realization of Direct Spending (Rp)	Realization of Indirect Spending (Rp)	Expenditure Budget Realization (Rp)
2019	3,459,359,240,-	3,590,737,564,-	7,050,096,804,-
2020	2,310,695,892,-	3,521,690,038,-	5.832.385.930,-
2021	916,498,892,-	3,931,605,390,-	4,848,104,282,-

Source: LRA Regional Inspectorate of Mamuju Regency, 2022

3.2 Effectiveness Ratio Analysis

Effectiveness Ratio Analysis, the data needed is the realization of direct spending with direct spending targets. The budget effectiveness ratio as a measuring tool in this study is as follows:

$$Efektivitas = \frac{\text{Realisasi Belanja Langsung}}{\text{Target Belanja Langsung}} \times 100\%$$

Based on the formula above, then calculating the level of effectiveness as well as categorizing the condition of the effectiveness of the spending budget at the Mamuju Regency Regional Inspectorate Office for 2019-2021 can be described in the following table:

Table 5 Budget Effectiveness Level Year 2019-2021

Year	Direct Expenditure Target (Rp)	Realization of Direct Spending (Rp)	Effectiveness Rate (%)	Criteria
2019	3,500,000,000,-	3,459,359,240,-	98.84	Effective
2020	2,302,789,700,-	2,310,695,892,-	100.34	Very effective
2021	971.261.769,-	916,498,892,-	94.36	Effective

Source: DPA and LRA Regional Inspectorate of Mamuju Regency, 2022

3.3 Efficiency Ratio Analysis

Efficiency Ratio Analysis, the data needed is the realization of direct expenditure with the realization of the expenditure budget. The budget effectiveness ratio as a measuring tool in this study is as follows:

$$Efisiensi = \frac{\text{Realisasi Belanja Langsung}}{\text{Realisasi Anggaran Belanja}} \times 100\%$$

Based on the formula above, then calculating the level of efficiency as well as categorizing the condition of budget efficiency at the Regional Inspectorate Office of Mamuju Regency for 2019-2021 can be described in the following table:

Table 6. Budget Efficiency Level Year 2019-2021

Year	Realization of Direct Spending (Rp)	Expenditure Budget Realization (Rp)	Efficiency Rate (%)	Criteria
2019	3,459,359,240,-	7,050,096,804,-	49.07	Very Efficient
2020	2,310,695,892,-	5.832.385.930,-	39,62	Very Efficient
2021	916,498,892,-	4,848,104,282,-	18.90	Very Efficient

Source: DPA and LRA Regional Inspectorate of Mamuju Regency, 2022

3.4 Description of Research Results and Discussion

3.4.1 Budget Effectiveness Level at the Regional Inspectorate Office of Mamuju Regency

a. Research result

Based on table 6 the level of effectiveness of the 2019-2021 budget is as follows:

- In 2019, the target condition for direct spending is Rp. 3,500,000,000, - with the realization of direct expenditure of Rp. 3,459,359,240, - has an effectiveness level of budget management of 98.84% which shows that the condition of budget management in 2019 is effective.

- In 2020, the target condition for direct spending is Rp. 2,302,789,700, - with the realization of direct expenditure of Rp. 2,310,695,892, - has a budget management effectiveness level of 100.34% which shows that the condition of budget management in 2020 is very effective.
- In 2021, the target condition for direct spending is Rp. 971,261,769, - with the realization of direct expenditure of Rp. 916,498,892, - has an effectiveness level of budget management of 94.36% which shows that the condition of budget management in 2021 is effective.

b. Discussion

The condition of the effectiveness of the spending budget in an organization or government agency can experience developments every year, whether experiencing developments that tend to increase, decrease or even fluctuate over the last three years. This can be seen from whether the realization of a program has been achieved from the plan that has been set. The effectiveness indicator describes the effect of the program or activity output that has been implemented. The greater the output produced, the more effective the work process of an organizational unit or government agency.

The locus of this research is the Regional Inspectorate Office of Mamuju Regency which is an agency engaged in the field of supervision, especially in the management of regional and village government budgets. Based on the effectiveness of budget management at the Regional Inspectorate of Mamuju Regency for the last three years (2019-2021), the average achievement criterion for effectiveness of budget management is 97.85% which is in the effective category. This shows that each implementation of work programs and activities carried out by the Regional Inspectorate Office of Mamuju Regency can be realized according to the budget target. The nominal amount of the budget that is expected to have been realized is not much different from the budget target, so that the implementation of work programs and activities where budget management is in accordance with the plan.

The factors that influence the effective results of the analysis of the effectiveness of budget management in this study are as follows:

- 1) Leadership behavioral factors as indicated by the individual capacity of a leader, especially good at predicting budget use, preparing themselves when experiencing budget disbursement difficulties, knowing budget feedback to understanding the clarity of budget targets in every planning and implementation of work programs and activities
- 2) Participation of subordinates who assist leaders in carrying out the budget planning process, budget realization, implementation of activities to budget accountability
- 3) Effectively the nominal amount of the budget is between the target and the realization, the Regional Inspectorate of Mamuju Regency can be an example by other regional apparatus agencies.

3.4.2 Budget Efficiency Level at the Regional Inspectorate Office of Mamuju Regency

a. Research result

Based on table 3.4, the efficiency level of the 2019-2021 budget is as follows:

- In 2019, the condition for the realization of direct spending was Rp. 3,459,359,240, -with a budget realization of Rp. 7,050,096,804, - has a budget management efficiency level of 49.07% which shows that the condition of budget management in 2019 is very efficient.
- In 2020, the condition for the realization of direct spending is Rp. 2,310,695,892, -with a budget realization of Rp. 5,832,385,930, - has a budget management efficiency level of 39.62% which shows that the condition of budget management in 2020 is very efficient.
- In 2021, the condition for the realization of direct spending is Rp. 916,498,892, -with a budget realization of Rp. 4,848,104,282, - has a budget management efficiency level of 18.90% which shows that the condition of budget management in 2021 is very efficient.

b. Discussion

The condition of budget efficiency in an organization or government agency experiences developments every year, especially in resource management. Budget efficiency referred to in this study is the ability to realize work programs or activities by minimizing the use of resources that are not beneficial to the success and objectives of implementing work programs and activities. Good budget efficiency when spending a budget on items that are considered the most important in supporting the successful achievement of work programs and activities.

The Regional Inspectorate Office of Mamuju Regency is the locus in this research which acts as an agency in the field of supervision, especially in the management of regional and village government budgets. Based on the efficiency of budget management at the Regional Inspectorate of Mamuju Regency for the last

three years (2019-2021), the average achievement for budget management efficiency criteria of 35.86% is in the very efficient category. This shows that every implementation of work programs and activities carried out by the Regional Inspectorate Office of Mamuju Regency is carried out efficiently without spending a lot of unnecessary costs. The nominal amount of the expected budget has been realized and used as efficiently as possible, so that the implementation of work programs and activities is in accordance with the plan.

The factors that influence the very efficient condition of the analysis of budget management efficiency in this study are as follows:

- 1) The quality factor of human resources is indicated by the ability to classify budgets that are very necessary and unnecessary in supporting the implementation of work programs and activities. This shows efficient human resources when minimizing unnecessary budget expenditures
- 2) Facilities and infrastructure that can still be used have reused facilities that are still in good condition, this is done in order to minimize expenses
- 3) The condition of budget management efficiency at the Regional Inspectorate of Mamuju Regency for the last three years was to obtain a very efficient category, so that it could become an example for other regional apparatus agencies.

4. CONCLUSION

Based on the effectiveness of budget management at the Regional Inspectorate of Mamuju Regency for the last three years (2019-2021), the average achievement of the criteria for effectiveness of budget management is 97.85%, which is in the effective category. This shows that every implementation of work programs and activities carried out by the Regional Inspectorate Office of Mamuju Regency is carried out according to the budget target. The nominal amount of the budget that is expected to have been realized is not much different from the budget target, so that the implementation of work programs and activities where budget management is in accordance with the plan.

The factors that influence the effective results of the analysis of the effectiveness of budget management in this study are as follows:

- a. Leadership behavioral factors are indicated by the individual capacity of a leader, especially good at predicting budget use, preparing themselves when experiencing budget disbursement difficulties, knowing budget feedback to understanding the clarity of budget targets in every planning and implementation of work programs and activities
- b. Participation of subordinates who assist leaders in carrying out the budget planning process, budget realization, implementation of activities to budget accountability
- c. Effectively the nominal amount of the budget is between the target and the realization, the Regional Inspectorate of Mamuju Regency can be an example by other regional apparatus agencies.

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