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ANALYSIS OF BUDGET EFFECTIVENESS AND EFFICIENCY AT THE PUBLIC WORKS DEPARTMENT OF KUTAI KARTANEGARA REGENCY

By

Camelia Verahastuti¹, Astrid Napita Sitorus², Aji Chantika Mulia Hakim³

¹²³Faculty of Economics, University of 17 Agustus 1945 Samarinda

Email: cameliavera25@gmial.com; napitaastrid@gmail.com; djichantika15@gmail.com

Corresponding author: cameliavera25@gmial.com

ABSTRACT:

The research aims to determine and analyze the effectiveness of budget implementation at the Public Works Department of Kutai Kartanegara Regency for the 2021-2022 fiscal year and to determine and analyze the efficiency of budget implementation at the Public Works Department of Kutai Kartanegara Regency for the 2021-2022 fiscal year. This research uses the theoretical basis of public sector accounting and budget realization reports. The analytical tools used in this research are effectiveness ratio analysis and efficiency ratio analysis. The data collection technique used in this research is library research to obtain budget realization report data. The results of this research are the 2021 budget seen from the effectiveness ratio analysis is included in the moderately effective category, with a presentation result of 87%, while the 2022 budget seen from the effectiveness ratio analysis is included in the moderately effective category, with a presentation result of 83%. In 2021, the official budget efficiency level is 120%, which means that budget absorption is inefficient, while in 2022 the official budget efficiency level is 114%, which means that budget absorption is inefficient. This study concludes that the implementation of the budget at the Public Works Department of Kutai Kartanegara Regency in 2021 and 2022 is still quite effective because the value obtained is less than ninety percent. The budget at the Public Works Department of Kutai Kartanegara Regency in 2021 and 2022 is inefficient because the value obtained is more than one hundred percent.

KEYWORDS:

Public Sector Accounting, Effectiveness, Efficiency.



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INTRODUCTION

Implementing national development requires a budget for each period. As national development increases, the required expenditure budget also increases. The expenditure budget is collected from all potential resources and income owned by a region. Law no. 23 of 2014 regulates Regional Government; regional autonomy of regional governments is given the freedom to regulate revenues and expenditures by the interests of their respective regions by preparing Regional Revenue and Expenditure Budgets (APBD).

The budget realization report is one component of the government's financial report that provides information about realization in a certain period. This realization report is a measuring tool to see the implementation of regional financial management policies to realize optimal public services and efforts to encourage regional economic development.

Considering the large budget provided by the government for each activity supporting regional government administration, the performance of a public sector organization is one of the things that is highlighted. Whether the budget issued by the government is realized well or not requires the public to be able to see not only the actual results depicted but also how the budget is managed, whether it is economical, efficient, and effective or not.

Effectiveness and efficiency are very influential in measuring or comparing the results of the output with the input used to get the expected results. Budget effectiveness greatly influences government performance, where government performance is considered good if the government can carry out spending effectively and can identify the budget so that the budget can achieve the goals it wants to achieve. Efficiency is achieving targets (output) with the lowest (input) costs or minimum (input) costs to obtain the desired results (output).

The results of previous research on effectiveness and efficiency conducted by Jarkasih (2021) show that the level of effectiveness and efficiency of budget implementation for the Department of Food, Food Crops and Horticulture of East Kalimantan Province in the 2018 and 2020 budget years is considered quite effective, while in the 2019 budget year, it is considered quite effective. The level of efficiency in the 2018 – 2020 budget year is considered inefficient. Furthermore, it was reported by Sari (2022), that the Economic Level, Efficiency, and Effectiveness of the Implementation of Regional Public Service Agency (BLUD) Funds at the UPTD Puskesmas Sungai Meriam in 2019 was stated to be still less efficient and was increased in 2020 so that it became inefficient.

The results of research by Manimbaga (2021) show that the effectiveness and efficiency of the Regional Financial Performance of the Bitung City Government for the 2014 - 2018 Fiscal Year is divided into two criteria, namely effective for 2014 and 2017, while quite effective in 2015, 2016 and 2018. The level of efficiency during 2014 – 2018 was included in the efficient criteria, but only in 2015 and 2018, it was classified as inefficient.

The Kutai Kartanegara Regency Public Works Service is an office that has the task of administering government affairs in the fields of public works, infrastructure development, and housing for the Kutai Kartanegara Regency area.

In 2021, the Kutai Kartanegara Regency Public Works Department will improve drainage channels in flood-prone areas; one of the existing projects is Loa Ipuh Village, Tenggarong. The implementation of the project being carried out by the Acting Head of the Public Works Department is approximately one kilometer with a contract fund of 4 billion. This project is expected to improve drainage channels and prevent the area from flooding, even though the intensity of rain is high. In 2022 Bubuhan Suara Rakyat (Busur) Kutai Kartanegara held a demonstration in front of the Public Works Department Office. They highlighted the drainage project in the Tenggarong Stadium Road area. The phenomenon that occurs is that the project contract being worked on was supposed to be completed in 2021, but the project has stalled and has not been completed. So the 2021 budget is still

considered inefficient because there are still projects that have not been completed and have passed the set deadline.

The research aims to determine and analyze the effectiveness of budget implementation at the Public Works Department of Kutai Kartanegara Regency for the 2021-2022 fiscal year and to determine and analyze the efficiency of budget implementation at the Public Works Department of Kutai Kartanegara Regency for the 2021-2022 fiscal year.

RESEARCH METHODS

1. Place and Time

This research was carried out at the Public Works Department of Kutai Kartanegara Regency, Province of East Kalimantan, Indonesia from September until November 2023.

2. Operational Definition

The operational definition in this research is as follows:

- a. Budget Realization at the Public Works Department of Kutai Kartanegara Regency
- b. The Effectiveness Ratio is a comparison of expenditure realization with the budget target of the Kutai Kartanegara Regency Public Works Department.
- c. The Efficiency Ratio is a comparison of direct expenditure realization with the realization of the Kutai Kartanegara Regency Public Works Department's expenditure budget.

3. Data Collection

The data collected is data on budget realization reports for the Kutai Kartanegara Regency Public Works Department for 2021 and 2022.

4. Data analysis

Research data were analyzed using effectiveness ratios and efficiency ratios.

a. Effectiveness Ratio Analysis

According to Prasetyo and Nugraheni (2020) to find out the percentage level of effectiveness, you must use the effectiveness ratio measurement. This ratio is measured by dividing the realization by the department budget :

Effectiveness Ratio =

$$[(\text{Realization of regional spending}) : (\text{regional budget})] \times 100\%$$

The Effectiveness Ratio criteria are presented in Table 1

Table 1. Criteria of the Effectiveness Ratio

No	Presentation of Measurement	Effectiveness Criteria
1	> 100%	Very Effective
2	90 – 100 %	Effective
3	80 - < 90%	Enough Effective
4	< 80 %	Ineffective

Source: Republic of Indonesia Minister of Home Affairs Decree No. 690,900-327 of 1996

b. Efficiency Ratio Analysis

According to Prasetyo and Nugraheni (2020) to calculate the efficiency of budget absorption, you must compare the official expenditure budget with its realization.

$$\text{Efficiency Ratio} = \frac{\text{[(regional budget) : (Realization of regional spending)]}{1} \times 100\%$$

The Efficiency Ratio criteria are presented in Table 2

Table 2. Criteria of the Efficiency Ratio

No	Presentation of Measurement	Efficiency Criteria
1	> 100%	Inefficiency
2	90 – 100 %	Less Efficiency
3	80 - < 90%	Enough Efficiency
4	60 - < 80 %	Efficiency
5	< 60%	Very Efficiency

Source: Republic of Indonesia Minister of Home Affairs Decree No. 690,900-327 of 1996

RESULTS AND DISCUSSION

1. Effectiveness Ratio

The effectiveness ratio of budget implementation at the Public Works Department of Kutai Kartanegara Regency in the 2021 and 2022 budget years can be seen in Table 3

Table 3. Analysis of Shopping Effectiveness in 2021 and 2022

Year	Budget (IDR)	Realization (IDR)	Effectiveness (%)	Criteria
2021	552.354.657.106,00	483.176.050.258,00	87%	Enough Effective
2022	787.715.596.164,00	654.121.645.352,00	83%	Enough Effective

Source: Processed Data (2023)

Based on the results of calculations and analysis using the effectiveness ratio method, the implementation of the Kutai Kartanegara Regency Public Works Department budget in 2021 and 2022 is quite effective. In 2021, the level of effectiveness of the Kutai Kartanegara Regency Public Works Department's budget is 87%, by the effectiveness category, 87% is included in the moderately effective budget category, and 2022 the level of effectiveness has decreased with a presentation of 83%. With this presentation, the implementation of the Works Department's budget is implemented. The Kutai Kartanegara Regency general in 2022 is said to be quite effective.

2. Efficiency Ratio

The efficiency ratio for budget implementation at the Public Works Department of Kutai Kartanegara Regency in the 2021 and 2022 budget years can be seen in Table 4.

Table 4. Analysis of Shopping Efficiency in 2021 and 2022

Year	Budget (IDR)	Realization (IDR)	Efficiency (%)	Criteria
2021	552.354.657.106,00	483.176.050.258,00	120%	Inefficiency
2022	787.715.596.164,00	654.121.645.352,00	114%	Inefficiency

Source: Processed Data (2023)

Based on the results of calculations and analysis using the efficiency ratio method, the implementation of the expenditure budget at the Public Works Department of Kutai Kartanegara Regency seen in Table 4 for the 2021 and 2022 periods is inefficient. In 2021, the efficiency level of the official expenditure budget will be 120%, which means that budget absorption is inefficient. The inefficient budget is related to Kutai Kartanegara Regency Public Works Department programs with higher budget implementation, whereas in 2022 the efficiency level of the department's budget will be 114%, which means that budget absorption is inefficient. Inefficient budgets are related to Kutai Kartanegara Regency Public Works Department programs with higher budget implementation.

In general, it can be stated that based on this research, is in line with previous research (Muhammad Jarkasih, 2021) that what causes the 2021 and 2022 expenditure budgets to be quite effective is that the realization of the expenditure budget has very different differences from the expenditure budget targets that must be achieved so that the criteria the effectiveness of budget implementation is in the percentage of 80% -90% within the criteria. The inefficient budget is related to Kutai Kartanegara Regency Public Works Department programs with higher budget implementation, both in 2021 and 2022. Budget management does not meet the criteria for the efficiency category, namely the use of a minimum budget to achieve targets.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the research results and discussion in the research, the conclusions obtained are:

1. Based on the results of calculating the effectiveness of budget implementation in 2021 using an effectiveness ratio with a result of 87%, which according to the ratio category is said to be quite effective, including a presentation of 80% - 90%. This is because the realization of regional expenditure is smaller than the regional expenditure budget.
2. Based on the results of calculating the efficiency of budget implementation for 2021 using an efficiency ratio with a calculation result of 120%, which means budget absorption is inefficient. The budget is inefficient because the regional expenditure budget is larger than the actual regional expenditure budget that has been made.
3. Based on the results of calculating the effectiveness of budget implementation in 2022 using the effectiveness ratio, it has decreased from the previous year with a result of 83%, which according to the ratio category is said to be quite effective, including the presentation of 80% - 90%. This is because the realization of regional expenditure is smaller than the regional expenditure budget.
4. Based on the results of calculating the efficiency of budget implementation for 2022 using an efficiency ratio with a calculation result of 114%, which means that budget absorption is inefficient, showing a decrease in presentation from the previous year. The budget is inefficient because the regional expenditure budget is larger than the actual regional expenditure budget that has been made.

Suggestion

Based on the conclusions above, the following suggestions are given:

1. For the Public Works Department of Kutai Kartanegara Regency, regarding budget effectiveness, it is necessary to increase effectiveness by conducting evaluations and controls on the programs that will be implemented, so that they are right on target and consistent in achieving effectiveness. Regarding budget efficiency, there needs to be more control and attention related to the expenditure budget so that it is implemented efficiently and on target.
2. Future researchers are expected to be able to conduct research using objects and data with different observation times.

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