



Research Paper

Analysis of Efficiency and Effectiveness of Regional Financial Management in Mamuju District, Mamuju Regency

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This research aims to determine the pattern of development of the level of effectiveness and efficiency of financial management in Mamuju District, Mamuju Regency. The form of this research is descriptive research, which is a study that reveals the conditions that occur in the field as they are based on the facts found during field research. The results of this study are, the average level of financial management in Mamuju District, Mamuju Regency, West Sulawesi Province in 2016-2020 can be said to be Very Efficient, and Effective.

Keywords: Effectiveness, Efficiency. Regional Financial Management

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I. INTRODUCTION

The success of a regional development cannot be separated from the aspect of regional financial management which is managed with good management as well. In order to increase empowerment, welfare and equitable development in rural areas through State Budget (APBN) funds, which is also in line with the 2015 APBN theme, namely "Continuing development reforms for the acceleration of equitable economic development". Based on this theme, the government prioritizes the government budget and state spending in the development sector.

Regional financial management is all activities that include planning, implementation, administration, reporting, accountability, and supervision of regional finances. Regional financial management as regulated in the Minister of Home Affairs Regulation Number 13 of 20013 article 3 covers the power of regional financial management, general principles and structure of Regional Income and Expenditure Budget (APBD), preparation of APBD draft, stipulation of APBD, preparation and stipulation of APBD for regions that do not yet have Regional People's Representative Assembly (DPRD), implementation of APBD, amendments APBD, cash management, regional financial administration, regional financial accounting, accountability for APBD implementation, guidance and supervision of regional financial management, regional losses, and Regional Public Service Agency (BLUD) financial management. Regional financial management must be managed in an orderly manner, complying with statutory regulations, effective, efficient, economical, transparent, and responsible by taking into account the principles of justice, the principle of propriety, and the principle of benefit to the community in an area. The process of managing regional finances begins with planning/compiling a regional revenue and expenditure budget (APBD). The APBD is the annual financial plan of the regional government which is discussed and approved jointly by the regional government and the DPRD, and is determined by regional regulations. Therefore, the APBD is a mutual agreement between the executive and the legislature which is set forth in a regional regulation and described in a Regent's Regulation. The preparation of the APBD is adjusted to the needs of government administration and the ability of funds obtained from local revenue. The preparation of the APBD is guided by the Local Government Work Plan (RKPD) in the context of realizing services to the community to achieve the goals of the state. In accordance with Law Number 32 of 2004 concerning Regional Government article 181 and Law Number 17 of 2003 concerning State Finance articles 17-18, which explain that "the process of preparing APBD must be based on setting priorities and budget ceilings, Government work plans Regional and General Regional Budget Policies

that have been mutually agreed upon between the DPRD and the Regional Government. Regional revenue management policies, each component of income, expenditure and financing needs to be seen by the regional capacity, namely how much realization and contribution each year. This is done to get an overview of the development of regional financial capabilities so far.

To carry out this evaluation, the level of efficiency and effectiveness of achieving the targets of each development program that has been determined for a period of the relevant fiscal year can be calculated. This evaluation process can be carried out by comparing the amount of the budget that has been set for each activity program in each sub-district compared to the actual use that has been achieved in the relevant fiscal year.

II. LITERATURE REVIEW

2.1. Regional Financial Management Guidelines

Regional Revenue and Expenditure Budget (APBD) is the implementation plan of all Regional Revenues and all Regional Expenditures in the context of implementing Decentralization in a certain budget year. Collecting all regional revenues aims to meet the targets set in the APBD. Likewise, all regional expenditures and ties that burden regions in the context of implementing decentralization are carried out according to the amounts and targets set out in the APBD. APBD is also the basis for regional financial management which is the basis for regional financial management.

APBD is prepared with a performance approach, namely a budget system that prioritizes efforts to achieve work results or outputs from the planned cost or input allocations that have been determined. The amount of revenue budgeted in the APBD is a rationally measured estimate that can be achieved for each source of income. Revenue can be realized in excess of the predetermined budget.

Regarding to spending, the amount of budgeted expenditure is the upper limit for each type of expenditure. So, the realization of expenditure should not exceed the amount of the budget that has been set. Expenditure budgeting must be supported by the certainty of the availability of sufficient amounts of revenue. Every official is prohibited from taking actions that result in expenditures at the expense of the APBD if there is no available or insufficient budget available to finance these expenditures.

2.2. Structure of Regional Revenue and Expenditure Budget

The structure of the regional revenue and expenditure budget consists of three basic components, namely: Regional income; regional spending; and financing. These three basic components are a unified whole and cannot be separated from one another. The excess of regional income to regional expenditures is called a budget surplus, but if there is a less difference then it is called a budget deficit. The amount of financing is equal to the amount of the surplus or the amount of the budget deficit.

2.2.1. Regional Revenue

According to Law Number 28 of 2009, regional income includes all cash receipts through the Regional General Treasury Account, which adds equity to current funds, which are regional rights within one fiscal year that do not need to be repaid by the regions. The Regional Revenue Component consists of income originating from the Regional Original Revenue (PAD), income originating from the central government (balancing fund) and income originating from other legitimate income.

2.2.2. Regional Expenditure

Regional expenditure includes all expenditures from the regional general treasury account which will reduce the equity of current funds, which are regional obligations in one fiscal year which will not be repaid by the regions. Regional expenditures are used in the context of implementing government affairs which are the authority of the province or district/city which consist of mandatory and optional affairs which are stipulated by the provisions of the applicable legislation.

2.2.3. Regional Financing

Regional financing includes all revenues that need to be repaid and/or expenses that will be received back, both in the relevant fiscal year and in the following fiscal years. The regional financing consists of financing receipts and financing expenditures.

2.2.4. Budget Planning and Management

In carrying out the activities of a good government organization there is a management process. One of the management functions is the planning function. This function is placed as the first function that forms the basis of the other functions of a management process. Apart from being the starting point of the management process, this planning function also includes planning for the organization of activities (organizing), planning for the direction of activities (actuating) and planning for monitoring (controlling). Therefore, it is very

appropriate if this planning function is also referred to as a blueprint for actions to be taken by an organization as a whole.

2.2.5. The Function of the Budget as a Planning and Monitoring Tool

According to Anthony Dearden Ford (1993), the budget function is as follows:

- a) The budget is the final result of the work plan preparation process.
- b) The budget is an activity that will be carried out by the company in the future.
- c) The budget serves as an internal communication tool connecting the bottom with top managers.
- d) The budget serves as a benchmark used as a comparison of actual operating results.
- e) The budget serves as a control tool that allows pointing out strong and weak areas for the company.
- f) Budget serves as a tool to influence and motivate managers and employees to be effective and efficient in accordance with organizational goals.

2.2.6. Budget Assessment Report

Budget assessment usually involves comparing actual data with those originally budgeted. Because budgets are estimates, discrepancies are not impossible, sometimes even unavoidable. The occurrence of large discrepancies should be considered a signal to operations managers that plans cannot be realized. If the difference is deemed detrimental from the point of view of the company's interests, it is necessary to take various corrective or corrective actions as soon as possible.

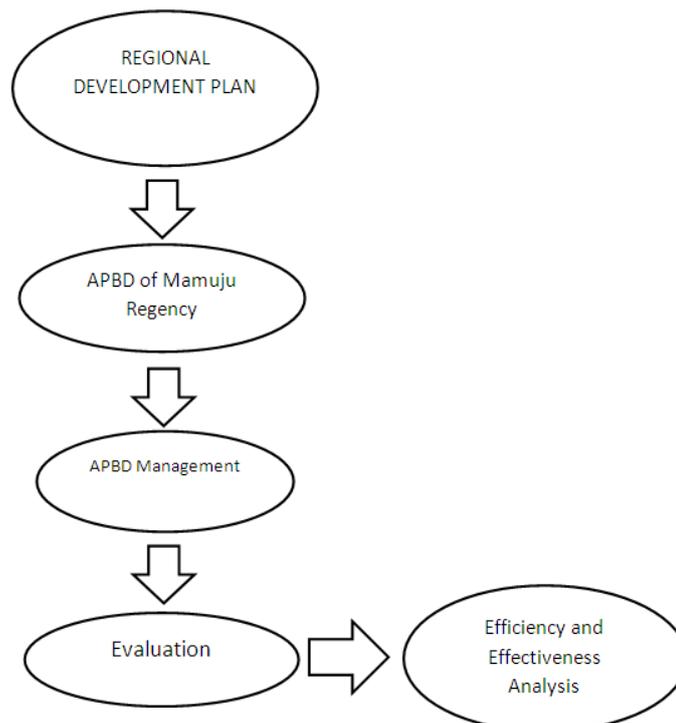
2.3. Efficiency

According to Handoko (1995) efficiency is the ability to complete a job correctly. This is a calculation of the comparison between the output (output) and input (input). An organization's work is said to be efficient if it achieves a higher output in the form of results, productivity, performance, compared to inputs in the form of labor, materials, money, machines and time used.

2.4. Effectiveness

According to Devas, et al., (1989) effectiveness is the result of government activities in managing regional finances in such a way that allows programs to be planned and implemented to achieve government goals at the lowest possible cost and in the shortest possible time.

III. CONCEPTUAL FRAMEWORK



IV. RESEARCH METHOD

4.1. Research Design

The research design used in this study is a qualitative approach, which is a research that does not use calculations (Moleong, 2002). The form of this research is descriptive research, which is a study that reveals the conditions that occur in the field as they are based on the facts found during field research. The approach taken is a case study in Mamuju Regency which is the location of the research object.

4.2. Research Location and Time

Based on the research objectives and the object that became the focus of research, this research was carried out on objects, documents and research locations that were observed by collecting secondary data in Mamuju District, Mamuju Regency which had been verified, and came from official institutions / agencies as which will be described in the results of this research report. The research was carried out for three months.

4.3. Data Types and Sources

The data in this study were divided into two types, primary and secondary. Primary data is data that explains or relates directly to the object of research, the opposition of village financial managers in controlling village funds. While secondary data are those that are not directly related to the object of research, but help explain the object of research.

4.4. Data Gathering Method

- a) Observation techniques, namely by observing the object being studied, and even researchers are directly involved in the activities of the problems posed in the research.
- b) Interview technique, this is done by holding questions and answers directly to respondents using interview guidelines as a research tool. The aim is to check the correctness of the data collected through the questionnaire.
- c) Documentary studies, namely studies conducted by studying reports, documents, laws and regulations, as well as various data relevant to the problems posed in this research.

4.5. Analysis Method

4.5.1. Efficiency Analysis Technique

Conceptually and theoretically, efficiency describes the ratio or comparison between the costs incurred and the resulting output. Referring to the concept of efficiency according to Anggriani (2010) that efficiency is a comparison between output and input, namely the comparison between output in the form of goods or services produced and the resources (inputs) used. In this study, the input is the funds or expenditures contained in the DPA of each sub-district, while for the output, two indicators are used, namely the realization of income in each sub-district and public services indicated by the large number of residents in each sub-district. Thus, the first formula to measure efficiency is:

$$Efficiency = \frac{\text{Revenue Realization (Rupiah)}}{\text{District Expenditure Allocation (Rupiah)}}$$

The second method is the measurement of budget efficiency for public services, in this case public services are indicated by the large number of residents in each sub-district, so the formula used is:

$$Efesiensi = \frac{\text{District Shopping Allocation (Rupiah)}}{\text{Population (People)}}$$

4.5.2. Effectiveness Analysis Technique

Referring to the concept of effectiveness according to Anggriani that effectiveness is a comparison between the results or real output with the expected output goals or targets, where the results are indicated by the realization of income in each sub-district, while the output is indicated by a predetermined target or target. For this reason, to calculate the effectiveness in this study, namely by calculating the ratio between realization and target income from each sub-district with the formula according to Anggriani (2010).

$$\text{Effectiveness} = \frac{\text{Realization}}{\text{Target}} \times 100\%$$

4.6. Operational Definition

1. Regional Revenue and Expenditure Budget (APBD)

APBD is a form of preparation of a detailed list of budgets that are systematically made containing plans for local government revenues and expenditures.

2. Regional Revenue

Regional income is the right of regional governments that are recognized as an addition to the value of net assets (Law No. 33 of 2004 concerning Financial Balance between the Central Government and Regional Governments).

3. Regional Expenditure

Regional expenditures are all regional government obligations that are recognized as a reduction in the value of net assets in the relevant fiscal year period. Regional expenditure plans are prepared annually through the Regional Revenue and Expenditure Budget (APBD).

V. RESULTS AND DISCUSSION

5.1. Analysis Results

5.1.1. Efficiency Analysis Result

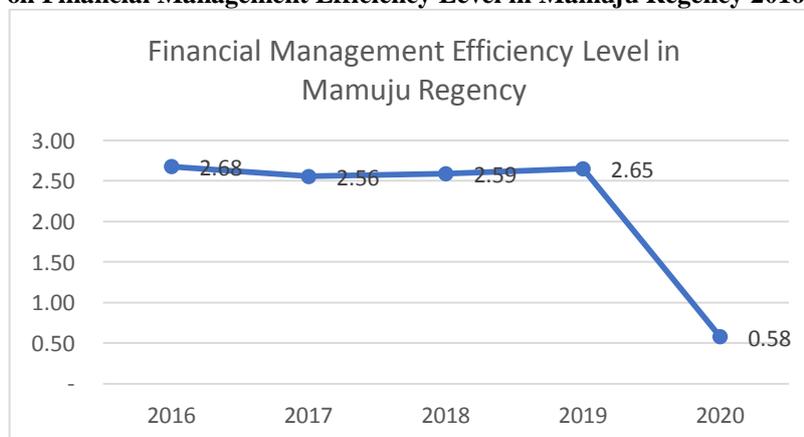
Analysis of Regional Financial Management Efficiency in Southeast Minahasa Regency To analyze the efficiency level of regional financial management in terms of expenditure, the calculation formula is the ratio between regional revenues and routine expenditures, where the smaller the ratio, the more efficient financial management.

Conceptually and theoretically, efficiency describes the ratio or comparison between the costs incurred and the resulting output. Referring to the concept of efficiency according to Anggriani (2010:174) that efficiency is a comparison between output and input, namely the comparison between output in the form of goods or services produced and the resources (inputs) used. In this study, the input is the funds or expenditures contained in the DPA of each sub-district, while for the output, two indicators are used, namely the realization of income in each sub-district and public services indicated by the large number of residents in each sub-district. District Expenditure Allocation is the realization of direct expenditure for each sub-district in Mamuju District which consists of direct expenditure or expenditure and public service expenditure as stated in the Budget Execution Documents (DPA).

Financial Management Efficiency Level in Mamuju Regency 2016 - 2020

Year	Revenue Realization (Rp)	Expenditure Realization (Rp)	Efficiency (%)	Information
2016	1.058.332.923.221,60	28.363.589.404	2,68	Very Efficient
2017	1.087.434.107.522,14	27.800.423.179	2,56	Very Efficient
2018	1.090.319.370.020,37	28.250.454.784	2,59	Very Efficient
2019	1.125.725.433.068,73	29.848.911.497	2,65	Very Efficient
2020	1.035.000.933.751,88	6.017.350.060	0,58	Very Efficient
Average	1.079.362.553.516,94	24.056.145.785	2,21	Very Efficient

Data on Financial Management Efficiency Level in Mamuju Regency 2016 – 2020



Based on the data above, it is known that the efficiency level of financial management in the district. Mamuju from 2016 to 2020 overall is Efficient. The efficiency level in 2016 was 2.68%, then the efficiency level after that was in 2017 with a percentage of 2.56%, then the efficiency level after that was in 2018 with a percentage of 2.59%, then the efficiency level after that was in 2019 with a percentage of 2.65% and then the

last efficiency level in 2020 with a percentage of 0.58%. Therefore, it can be concluded that the efficiency of financial management in the district. Mamuju can be said to be very with an average percentage of 2.21%.

An organization's work is said to be efficient if it achieves higher output in the form of results, productivity, performance compared to inputs in the form of labor, materials, money, machines and time used. The benefits of efficiency that are felt by the community are in the service sector, if the community has obtained the desired results at the least cost. The costs mentioned are time, effort or even money. The fairly efficient category in the data above shows that the productivity of the sub-district apparatus is not higher than the labor, money and time spent. For example, the programs that are made are not in accordance with the characteristics of each sub-district, from 2016 to 2020 they have different characteristics and focus on economic activities. The programs that are made lead to the provision of facilities at the head of the sub-district office for training activities, which if traced does not have an impact on the addition of new economic activities. The manpower training that has been carried out has not been followed up further, so that economic activities in the Mamuju sub-district are still based on agriculture. The efficient category can still change every year, as long as the District Budget is still running.

5.1.2. Effectiveness Analysis Result

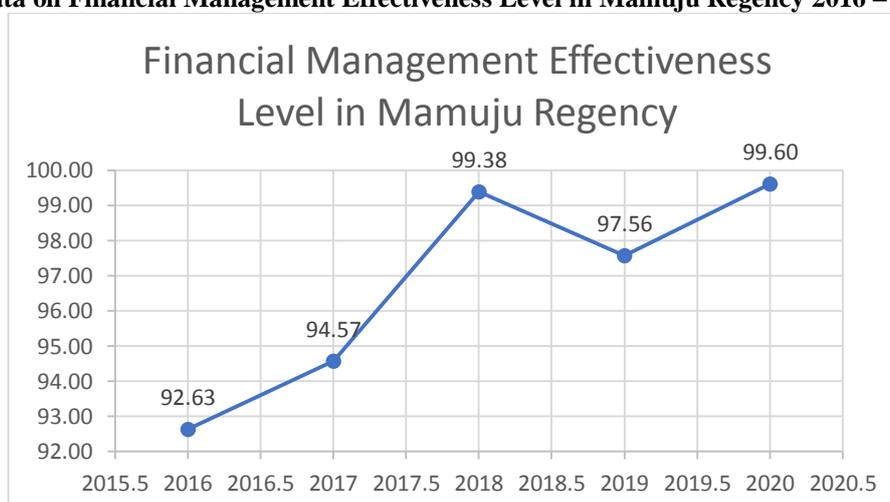
To see or compare the success (efficiency) in each sub-district compared to the best sub-district as a reference, namely the sub-district that has the highest ratio between realized income and total expenditure realization.

Effectiveness is a measure that states how far the target (quantity, quality, and time has been achieved). Where the greater the percentage of the target achieved, the higher the effectiveness. The effectiveness indicator is the ratio between the realization of the use of the Village Fund and the spending target of the Village Fund. Effectiveness is more focused on focus on the level of organizational success, in this case the central government to the village level government in achieving the goals set.

Financial Management Effectiveness Level in Mamuju Regency 2016 – 2020

Year	Expenditure Realization (Rp)	Expenditure Target (Rp)	Effectiveness (%)	Information
2016	28.363.589.404	30.620.924.113	92,63	Effective
2017	27.800.423.179	29.397.527.625	94,57	Effective
2018	28.250.454.784	28.427.330.252	99,38	Effective
2019	29.848.911.497	30.594.198.473	97,56	Effective
2020	6.017.350.060	6.041.516.125	99,60	Effective
Average	24.056.145.785	25.016.299.318	96,75	Effective

Data on Financial Management Effectiveness Level in Mamuju Regency 2016 – 2020



Based on the data above, it is known that the level of effectiveness of financial management in the district. Mamuju from 2016 to 2020 fully Effective. The highest Effectiveness Level was in 2016 with a percentage of 92.63%, then the next Effectiveness Level was in 2017 with a percentage of 94.57%, then the next Effectiveness Level was in 2018 with an Effectiveness of 99.38%, then the following Effectiveness Level was in 2019 with a percentage of 97.56% and then the last Effectiveness Level was in 2020 with a percentage of 99.60%. Thus, it can be concluded that the effectiveness of financial management in the district. Mamuju can be said to be effective with an average percentage value of 96.75%. Thus, the financial management in the district. Mamuju is in the Effective category starting from 2016 to 2020, this proves that the hypothesis is accepted. Thus, the implementation of village fund management can be said to be very effective because it is in accordance with the level of community needs, it is targeted and effective.

VI. CONCLUSION

6.1. Conclusions

1. The average level of Efficient Financial Management in Mamuju District, Mamuju Regency, West Sulawesi Province from 2016 to 2020 is said to be very efficient. Therefore, it can be concluded that the Financial Management in Mamuju District has a very Efficient category.
2. The average level of Financial Management Effectiveness in Mamuju District, Mamuju Regency, West Sulawesi Province from 2016 to 2020 is said to be Effective. Based on this, it can be concluded that the Financial Management in Mamuju District has an Effective category.

6.2. Suggestions

1. In order for expenditures to be spent to be effective and efficient, the important thing that must be known by the relevant agencies as public managers at the sub-district level is an understanding of the concept of spending. So that in planning as much as possible rationalize spending so that spending can be effective and efficient. Therefore, the formulation of general policies for regional expenditure budgets at the sub-district level is directed at priority programs, including education, health and economic empowerment of the community, which is supported by regional infrastructure development to encourage the growth of other productive sectors in the sub-district concerned.
2. The proportion of expenditure used for personnel expenditure tends to increase from year to year, therefore in the future it is necessary to evaluate the increase that occurs in the hope of maintaining efficiency and effectiveness in the use of the Mamuju Regency APBD.

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