



## Analysis of the Effectiveness and Efficiency of the Implementation of the Sawahlunto City Revenue and Expenditure Budget

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### Abstract

This study aims to analyze the effectiveness and efficiency of the revenue and expenditure budget of Sawahlunto City. The object of this research is the Regional Financial and Asset Management Agency (BPKAD) of Sawahlunto City. The data used in this study are financial reports compiled by BPKAD Sawahlunto City for 5 years (2016-2020). From this study, it was found that the effectiveness of the implementation of the Sawahlunto City Regional Revenue and Expenditure Budget in 2016-2020 is quite effective, because the level of effectiveness is still in the rank of 99%. Meanwhile, for the level of efficiency, it can be concluded that the city of Sawahlunto is quite efficient, because the percentage is still below 100%.

**Keywords:** Effectiveness, Efficiency, Expenditure, Budget, Sawahlunto City.

### 1. Introduction

In the era of reform and the implementation of regional autonomy which is increasing as it is today, people are increasingly increasing their demands on the government to run a clean government. Public Sector.

Regional development is directed at realizing the nation's vision which has been outlined in the outlines of the 1999-2004 State policies, namely: "the realization of a peaceful, demographic, just society that is competitive, advanced and prosperous within the unitary state of the Republic of Indonesia". In line with this vision, Law no. 22 of 1999 which was revised by Law no. 32 of 2004 on regional government and law no. 25 of 1994 which was enhanced by Law no. 33 of 2004 concerning the financial balance between the central government and regional governments, the law places regional autonomy, as a whole, addressed to provincial cities/districts, based on the 1945 Constitution, it is determined regarding the administration of the State government.

Local governments need to encourage community-based economic sectors or local revenue optimization. The central government should make the municipalities and regencies better able to concentrate on empowerment of

local economic power so that the direct impact of economic growth, in addition to the increase in local revenue is also felt directly by the community. One way to grow the regional economy is to improve tourism governance (Neldi & Sanjaya, 2021)

Economic and development activities that will be carried out continuously and sustainably are generally described in the form of development planning in all fields, both long term and short term. the availability of such information is accounting.

Accounting applied to commercial companies is known as financial accounting. While accounting applied to government agencies is called public sector accounting. Not unlike the case with financial accounting, public sector accounting also performs transaction activities. at the financial institution.

In preparing regional financial reports, up to now it is still limited to the preparation of APBD realization in the form of regional budget calculations (PAD) which only reflects the responsibility on the side of funds for the current year only with regional wealth, regional debt, and equity never being reported at all. Communities as regional stakeholders really need the presentation of regional financial reports in a transparent manner that

includes all regional assets and the use of their funds as holders of sovereignty.

The accountability report to the regions also seems to be very strategic, especially because the Regional People's Representative Council (DPRD) is increasingly aware of its constitutional rights, but the presentation of the accountability report to the regions which includes balance sheets, budget calculation reports and cash flow reports is still lacking. very difficult to arrange.

The indicators used in the implementation of the budget carried out by the government are as follows: comparison between budget and realization, comparison between cost and realization, Physical targets and percentage of threatened projects in the elaboration of APBD calculations (Government Regulation no. 06 of 1972 on how to prepare APBD, implementation of regional financial administration, preparation of APBD calculations).

The importance of the budget as a tool to achieve the goals that have been achieved and widely practiced. In order for the realization of the budget to be carried out effectively without any deviations in every transaction that occurs, the Government of West Sumatra must actually implement a public sector accounting system.

Reform demands the implementation of Good Carprat Governance and is supported by three main pillars which are the main basic elements that are interrelated with each other including: (1) participation (2) transparency (3) accountability.

This study discusses how the level of effectiveness and efficiency of the implementation of the regional revenue and expenditure budget, by comparing the budget and the realization of the income and expenditure of Sawahlunto City.

This research refers to the research conducted by Trianto, Anton (2016) where the research was conducted in Palembang City, while this research was conducted in Sawahlunto City.

## 2. Method

The type of research used in this study is descriptive research. Descriptive research method is one of the most widely used research methods in research that aims to explain an event. As suggested by Sugiyono (2016). The technique of collecting data in this research is to go out in the open by asking financial reports of the West Sumatra Provincial Government, especially in the City of Padang for 2 consecutive years 2018-2019. The methodology applied in carrying out the research must be explained properly.

In research, effectiveness is measured using the formula:

$$= \frac{\text{realization of revenue budget}}{\text{budget revenue}} \times 100\%$$

For effectiveness criteria in accordance with the criteria set by (Mahmudi, 2011: 171) can be seen in the table below:

**Table 1. Effectiveness Criteria**

| Percentage | Criteria        |
|------------|-----------------|
| >100%      | Very effective  |
| 100%       | Effective       |
| 90%-99%    | Effective Quite |
| 75%-89%    | Less effective  |
| <75%       | Ineffective     |

The formula for measuring the level of efficiency in accordance with the criteria set by (Mahmudi, 2011: 171) is as follows:

$$= \frac{\text{realization of revenue budget}}{\text{budget revenue}} \times 100\%$$

The criteria for the level of efficiency can be seen in the table below:

**Table 2. Efficiency Criteria**

| Percentage | Criteria        |
|------------|-----------------|
| > 100%     | Less efficient  |
| = 100%     | Quite efficient |
| < 100%     | Efficient       |

## 3. Result and Discussion

The analysis of the effectiveness of this regional revenue budget uses the effectiveness ratio, which is to compare the realization of the budget with the budget itself. According to Mahmudi (2011: 170) the Effectiveness ratio is measured by:

$$= \frac{\text{realization of revenue budget}}{\text{budget revenue}} \times 100\%$$

To analyze the level of effectiveness, it consists of an analysis of the effectiveness level of the revenue budget, namely an analysis of the overall revenue budget and an

analysis of the effectiveness of the regional original revenue budget.

The effectiveness level of the Sawalunto City Government's regional revenue budget for 2016 – 2020. The list can be seen in the table below:

**Table 3**  
**Sawalunto City Government**  
**Budget Report and Realization of Revenue Budget**  
**For the Year ended December 31, 2016 – 2020**

| Year | Budget             | Realization        | Effectiveness Level |
|------|--------------------|--------------------|---------------------|
| (1)  | (2)                | (3)                | (4) = (3) / (2)     |
| 2016 | 601,416,292,738.00 | 588,738,442,431.54 | 97.89%              |
| 2017 | 608,862,187,995.00 | 584,882,133,253.37 | 96.06%              |
| 2018 | 621,509,738,839.00 | 586,463,778,018.45 | 94.36%              |
| 2019 | 671,749,080,316.00 | 638,026,463,488.09 | 94.98%              |
| 2020 | 587,598,325,124.00 | 576,857,864,031.56 | 98.17%              |

From the table above, it can be seen that the level of effectiveness for the overall revenue budget for Sawalunto City per year fluctuates. Where for the level of effectiveness in 2016 is 97.89%, which means that the level of effectiveness is quite effective. This is known from the criteria for measuring the level of effectiveness. For 2017, 2018, 2019 and 2020, the effectiveness rates were 96.89%, 94.36%, 94, 98% and 98.17%, respectively. For that year, the level of effectiveness of the revenue budget is still considered quite effective, because the level of effectiveness is at a rank of 90% - 99%.

In this study, in addition to assessing the Sawahlunto City's own local revenue budget as a whole, this study also assesses a specific budget, namely the Regional Original Revenue Budget. The comparison results can be seen from the table below.

**Table 4**  
**Sawalunto City Government**  
**Budget Report and Realization of Revenue Budget**  
**For the Year ended December 31, 2016 – 2020**

| Year | Budget            | Realization       | Effectiveness Level |
|------|-------------------|-------------------|---------------------|
| (1)  | (2)               | (3)               | (4) = (3) / (2)     |
| 2016 | 59,365,674,458.00 | 53,388,553,982.54 | 89.93%              |
| 2017 | 74,422,971,261.00 | 62,459,787,921.37 | 83.93%              |
| 2018 | 59,573,117,340.00 | 47,227,132,335.45 | 79.28%              |
| 2019 | 59,758,667,807.00 | 57,170,993,865.09 | 95.67%              |
| 2020 | 57,525,368,782.00 | 59,537,385,897.66 | 103.50%             |

From the table above, we can see that the level of effectiveness of the Regional Original Revenue Budget for 2016 is 89.93%, we can conclude that from a total of Rp. 59,365,674,458.00 which is budgeted for local revenue of Sawahlunto City can only be achieved in the amount of Rp. 53,388,553,982.54. From the data above, we can also conclude that the level of effectiveness for the local revenue budget of Sawahlunto City is less effective because the level of effectiveness is below less than 90%.

The same thing also happened in fiscal years 207 and 2018, where the effectiveness level was less than 90%, namely 83.93% and 79.28%, which means that in the fiscal year that year it was less effective.

The analysis of the efficiency level of regional income can be calculated using the efficiency ratio, which is a ratio that describes the comparison between output and input or the realization of the cost of obtaining revenue with the realization of the revenue budget. According to Mahmudi (2011: 171) the efficiency ratio of regional income can be measured by:

$$= \frac{\text{realization of revenue budget}}{\text{budget revenue}} \times 100\%$$

**Table 5**  
**Sawalunto City Government**  
**For the Year ended December 31, 2016 – 2020**  
**Revenue Budget Report and Realization**

| Year | Budget Realization | Acquisition cost   | Efficiency Level |
|------|--------------------|--------------------|------------------|
| (1)  | (2)                | (3)                | (4) = (3) / (2)  |
| 2016 | 588,738,442,431.54 | 542,642,593,634.12 | 92.17%           |
| 2017 | 584,882,133,253.37 | 522,380,939,161.19 | 89.31%           |
| 2018 | 586,463,778,018.45 | 518,069,931,532.61 | 88.34%           |
| 2019 | 638,026,463,488.09 | 551,743,879,687.01 | 86.48%           |
| 2020 | 576,857,864,031.56 | 476,891,824,080.79 | 82.67%           |

This table also shows that the efficiency ratio from 2016 - 2020 is still fluctuating. In 2016 – 2020 the efficiency ratios were 92.17%, 89.31%, 88.34%, 86.48% and 82.67%, which means that the realization of the revenue budget is greater than the cost of obtaining the revenue budget. Judging from the criteria, the efficiency level of the Sawalunto City regional revenue budget is quite efficient because the cost of obtaining income is smaller than the realization of the income itself.

From the table above, it can also be concluded that the performance of the Sawahlunto City government is very good from year to year. This can be seen from the percentage of efficiency that is decreasing from year to

year. In other words, the achievement of the higher income budget with the use of fewer or reduced costs.

#### 4. Conclusion

From the results of this study it was concluded that, for the level of effectiveness of the Sawahlunto City revenue budget in 2016-2020 it was quite effective, this was due to the percentage level of its effectiveness being in the rank of 90% - 99%. Meanwhile, the level of effectiveness of Sawahlunto City's 2016-2020 regional original revenue fluctuated, namely in 2016-2018 the regional original revenue budget was less effective because it was at the figures of 89.93%, 83.93% and 79.28%. 2019 and 2020 the level of effectiveness increased from less effective to moderately effective. Meanwhile, for the results of the efficiency of the budget in the regional expenditures of Sawahlunto City in 2016-2020, it is quite efficient.

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