

Analysis of Expenditure Performance in the Budget Realization Report (Study in Banda Aceh City 2019-2022)

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Abstract: The Budget Realization Report (LRA) is an accountability report published by the regional government to assess the financial performance of expenditures in one budget year. This research analyzes expenditure performance in the Budget Realization Report (Study in Banda Aceh City 2019-2022). The analytical method used in this research is a quantitative descriptive method with the data source used as secondary data. This research uses spending variance analysis (difference in spending), spending growth analysis, shopping harmony analysis, and shopping efficiency analysis. Based on the research that has been carried out, it is concluded that the expenditure performance in the Banda Aceh city budget realization report seen from the expenditure variance analysis has shown efficient financial performance in managing the regional budget because the realization of regional expenditure does not exceed the predetermined budget limit. The analysis of spending growth in the Banda Aceh city government in 2019-2022 is efficient, this shows that the Banda Aceh city government has efficiently utilized the spending budget so that spending growth is getting better. Analysis of the harmony of expenditure-on-expenditure realization shows results that are not balanced between the operating expenditure budget and the capital expenditure budget, where the Banda Aceh city government prioritizes budget allocation for personnel expenditure and goods expenditure. The analysis of spending efficiency on the realization of Banda Aceh city government spending in 2019-2022 regarding the government's spending capacity from 2019-2022 is less efficient as proven by the average analysis that reached 92.52%.

Keywords: *Expenditure Performance, Budget Realization Report*

1.0 INTRODUCTION

The Regional Revenue and Expenditure Budget (APBD) is the regional government's annual financial budget planning which is approved by the Regional People's Representative Council (DPRD) and is then stipulated in regional regulations. After the APBD budget is determined, it is regulated in Government Regulation Number 12 of 2019 concerning regional financial management, where this regulation also regulates realization reports.

The regional government or regional head is the authority to manage the budget which is guided by the Regional Government Work Plan (RKPD), so when the regional government manages finances it does not escape performance assessment as a form of measurement of budget implementation which is included in the financial report. Regional government financial reports are guided by Government Accounting Standards (SAP) to improve the quality of regional financial reports so that regional government financial reports can increase credibility, transparency, and accountability so that regional government finances can be managed well (Meyasha et al, 2020).



The regional financial report that is very important to assess is the Budget Realization Report (LRA) which is a report published to provide information to assess financial reports on regional government performance. The Budget Realization Report contains all budget realization activities and is a prioritized accountability report. The Budget Realization Report is a report that presents the budget for income, expenditure, surplus and deficit, financing, as well as remaining more or less financing which is then compared with the budget (Febriana and Narastri, 2023).

Analysis of regional expenditure is important, this is because regional expenditure is a routine activity carried out by regional governments, the expenditure budget in the Budget Realization Report is the most important part because the community is the provider of the budget which is paid through regional taxes, so the public needs to know regarding budget implementation. whether it has been used effectively and efficiently (Kannapadang, 2020).

Shopping in the Banda Aceh city government's Budget Realization Report is a very important part because it describes the performance of the budget that has been implemented, spending is relatively easy to do and is prone to inefficiencies and leaks, so planning and monitoring spending is very important to implement. After spending is then reported in the Budget Realization Report, an analysis of spending must be carried out immediately because it is absolute which then becomes the basis for evaluation, correction and improvement in the future. The Banda Aceh City Government is obliged to submit a financial budget accountability report to assess whether the budget has been realized well or not, as well as to see how far the Banda Aceh city government has streamlined its budget and reduced non-essential expenditure.

Based on this description, this research was conducted to analyze expenditure performance in the Budget Realization Report (Study in Banda Aceh City 2019-2022). This research aims to determine and analyze the performance of Banda Aceh city government spending as seen from the Budget Realization Report for the 2019-2022 fiscal year.

2.0 LITERATURE REVIEWS

2.1 Regional Financial Performance

Financial performance is a description of the level of success which will be assessed based on numbers or in monetary units by comparing the budget and realization. Regional financial performance is regulated in Presidential Regulation Number 29 of 2014 concerning the Government Agency Performance Accountability System, this explains that performance is a



description of the level of achievement of the implementation of a program or activity to realize the objectives of the vision and mission of an organization (Nirwana, 2020).

Regional government financial performance is the ability of a region to explore existing potential and manage sources of original regional income to meet needs and support the implementation of the regional government system (Nirvana, 2020). According to (Kannapadang, 2020) Analysis of the financial performance of regional expenditure is carried out to assess and evaluate whether the budget has been used effectively and efficiently. The financial performance of expenditure is said to be good if the realization of regional expenditure is lower than the expenditure budget, but conversely, if the realization of regional expenditure is greater than the regional expenditure budget, it means that the management of the regional financial budget is not good.

2.2 Regional Shopping

Government Accounting Standards (SAP) describe that regional expenditure is all budget expenditure from the regional general treasury account, thereby reducing the equity of funds in the relevant budget year which will not receive repayment from the region. According to (Angel May et al, 2022) Regional spending is arranged based on regional government affairs, starting from programs, activities, groups and details of shopping objects. Regional spending is used as a tool to fund regional government activities or programs which are the authority of the district or city.

2.3 Budget Realization Report

The Budget Realization Report (LRA) is a regional government report published as a form of regional government transparency to the public and provides information related to government financial reports which is very important for assessing regional government performance (Prasetyo, 2021). The Budget Realization Report is a report that describes a comparison between the budget that has been determined and the realized budget in one fiscal year which aims to see the level of achievement of the regional government in realizing the budget targets that were mutually agreed between the regional head and the DPRD (Angel May et al, 2022).

3.0 METHODOLOGY

The type of data used in this research is quantitative data, namely data from the Budget Realization Report for the 2019-2022 budget period of the Banda Aceh City Government. The data source used is secondary data or government financial data obtained from the Budget Realization Report published on the official Banda Aceh City website. <https://bpkk.bandaacehkota.go.id/>.

3.1 Data analysis technique

Based on the topic to be researched regarding the performance of Banda Aceh city government spending for the 2019-2022 fiscal year, this research uses the following analytical tools:

1. Shopping Variance Analysis

Expenditure variance analysis is an analysis of the differences or discrepancies between budget and realization. In managing financial performance, local government will be considered good if the actual expenditure is smaller than the budget, if the actual expenditure is greater than the budget then this indicates that there is poor financial performance (Dewantari and Indraswarawati, 2021).

The spending variance analysis uses the following formula:

$$\text{Expenditure Variance} = \text{Expenditure Realization} - \text{Expenditure Budget}$$

2. Shopping Growth Analysis

Expenditure growth analysis is carried out to see from each expenditure whether the growth rate is realistic and can be accounted for. Spending growth analysis is useful for seeing spending growth from year to year, in general spending growth will always increase (Ibrahim et al, 2023).

The analysis of spending growth uses the following formula:

$$\text{Expenditure Growth Year } t = \frac{\text{Spending Year } t - \text{Spending Year } (t - 1)}{\text{Spending Year } (t - 1)} \times 100\%$$

3. Shopping Compatibility Analysis

Shopping compatibility analysis is carried out to determine the balance between purchases. Analysis of operating expenditure on total expenditure is a comparison between total operating

expenditure and total regional expenditure, analysis of capital expenditure on total expenditure is a comparison between total capital expenditure and total regional expenditure (Dewantari and Indraswarawati, 2021). Regional governments with lower regional revenues generally have higher levels of capital expenditure compared to governments with higher revenues. This is because local governments with low incomes have the potential to undertake capital expenditures as long-term investments.

a. Analysis of operating expenditure on total expenditure

The analysis of operating expenditure on total expenditure is with the following formula:

$$\text{Realization of Operational Expenditure} = \frac{\text{Total Operational Expenditures}}{\text{Total Expenditures}} \times 100\%$$

b. Capital expenditure analysis of total expenditure

The analysis of capital expenditure on total expenditure is with the following formula:

$$\text{Realization of Capital Expenditures} = \frac{\text{Total Capital Expenditures}}{\text{Total Expenditures}} \times 100\%$$

4. Shopping Efficiency Analysis

Shopping efficiency analysis is a comparative analysis between the spending budget and actual spending. This analysis is used to measure the level of budget savings made by the government (Meyasha et al, 2020). The value obtained from this efficiency analysis is not absolute, but relative, meaning that no standard is considered good for this efficiency analysis. The regional government is said to have implemented budget efficiency if the efficiency analysis value is less than 100%, conversely, if the efficiency value is more, it means that the regional government has not been able to make the budget efficient.

The analysis of shopping efficiency uses the following formula:

$$\text{Shopping Efficiency Ratio} = \frac{\text{Realized Shopping}}{\text{Shopping Budget}} \times 100\%$$

4.0 DATA ANALYSIS AND FINDINGS

Table 4.1 Shopping Variance Analysis
Banda Aceh City Government 2019-2022 Fiscal Year

Year	Budget	Realization	Shopping Variance (difference)	Realizati on (%)	Realizati on (%)
1	2	3	4 = 3-2	5 = 4/2	6 = 3/2
2019	1,182,117,004,262	1,088,763,331,629	93,353,672,633	7.89%	92.10%
2020	1,237,652,961,908	1,146,484,210,994	91.168.750.914	7.36%	92.63%
2021	1,189,650,819,260	1,078,907,580,522	110.743.238.738	9.31%	90.69%
2022	1,275,336,192,505	1,207,271,174,056	68,065,018,449	5.34%	94.66%

Source: Data processed, 2024

Based on table 4.1 above, it states that the variance analysis of Banda Aceh City Government spending in 2019-2022 is always smaller than the budget target. This can be seen in 2019, the remaining expenditure budget of Rp. 93,353,672,633,- or 7.89% was not realized. In 2020, it appears that the remaining expenditure budget of IDR 91,168,750,914,- or 7.36% was not realized. In 2021, it appears that the remaining expenditure budget is IDR 110,743,238,738,- or 9.31% which is not realized and in 2022 the remaining budget is IDR 68,065,018,449,- or 5.34% which is not realized. The results of these calculations are very visible in 2021, the difference between the budget and the realization is very large, reaching 9.31% for those years, this shows that the Banda Aceh city government has been efficient in managing the regional budget. The Banda Aceh city government implements a performance-based budget system where the expenditure budget is used according to needs.

Based on table 4.2, illustrates that spending growth in Banda Aceh from 2019 to 2020 was positive or increased by IDR 57,720,879,365,- or 5.30%. However, spending growth in 2020 to 2021 decreased or was negative by IDR67,576,630,472,- or 5.89%. From 2021 to 2022, spending growth will return to positive or increase by IDR 128,363,593,534,- or 11.89%. This shows that the Banda Aceh city government has efficiently utilized the expenditure budget so that expenditure growth is improving.

**Table 4.2 Shopping Growth Analysis
Banda Aceh City Government 2019-2022 Fiscal Year**

Description	2019-2020	2020-2021	2021-2022
Realization of Yearly Expenditures t-1	1,088,763,331,629	1,146,484,210,994	1,078,907,580,522
Realization of Yearly Expenditures t	1,146,484,210,994	1,078,907,580,522	1,207,271,174,056
The increase decrease)	57,720,879,365	(67,576,630,472)	128,363,593,534
%	5.30%	5.89%	11.89%

Source: Data processed 2024

**Table 4.3 Shopping Compatibility Analysis
Operational Expenditures to Total Expenditures**

Year	Operational Expenditures	Total Shopping	Ratio (%)
2019	1,016,576,105,326	1,088,763,331,629	93.36%
2020	1,007,308,980,263	1,146,484,210,994	87.86%
2021	965.675.201.051	1,078,907,580,522	89.50%
2022	1,029,187,762,563	1,207,271,174,056	85.24%

Source: Data processed in 2024

Based on table 4.3, it shows that the harmony of operating expenditure with total expenditure in 2019 was IDR 1,016,576,105,326,- with total realized expenditure IDR 1,088,763,331,629,- or equal to 93.36%. In 2020 there was a decrease in spending of IDR 1,007,308,980,263, - with total actual spending of IDR 1,146,484,210,994,- or 87.86%. In 2021, operating expenditure is IDR 965,675,201,051, - with total realized expenditure IDR 1,078,907,580,522,- or 89.50%. In 2022, operating expenditure will be IDR 1,029,187,762,563, - with total realized expenditure IDR 1,207,271,174,056,- or 85.24%. This shows that the allocation of operating expenditure has been carried out well, although it experienced a decline in 2020, but it was not significant because in subsequent years operating expenditure continued to be stable.

**Table 4.4 Shopping Compatibility Analysis
Capital Expenditures to Total Expenditures**

Year	Capital Expenditures	Total Shopping	Ratio (%)
2019	165.540.898.936	1,088,763,331,629	15.2%
2020	223.963.267.785	1,146,484,210,994	19.53%
2021	220.754.267.845	1,078,907,580,522	20.46%
2022	245.848.429.942	1,207,271,174,056	20.36%

Source: Data processed in 2024

Based on the previous table 4.4, it shows that the balance of capital expenditure to total expenditure in 2019 was IDR165,540,898,936,- with total realized expenditure of IDR 1,088,763,331,629,- or 15.2%. In 2020 capital expenditure amounted to IDR 223,963,267,785, - with total realized expenditure IDR 1,146,484,210,994,- an increase of 19.53%. In 2021, operating expenditure will be IDR 220,754,267,845, - with total realized expenditure IDR 1,078,907,580,522,- or 20.46%. In 2022, operating expenditure will be IDR 245,848,429,942, - with total realized expenditure IDR 1,207,271,174,056,- or 20.36%. This shows that the Banda Aceh city government does not focus on capital expenditure but the use of the budget is more inclined towards the operating expenditure budget which can be seen in table 4.3.

**Table 4.5 Shopping Efficiency Analysis
Banda Aceh City Government 2019-2022 Fiscal Year**

No	Budget	Shopping Realization	(%)
2019	1,182,117,004,262	1,088,763,331,629	92.10%
2020	1,237,652,961,908	1,146,484,210,994	92.63%
2021	1,189,650,819,260	1,078,907,580,522	90.69%
2022	1,275,336,192,505	1,207,271,174,056	94.66%

Source: Data processed in 2024

Based on table 4.5 above, it states that in 2019 the level of budget efficiency was at 92.10% with a budget realization of IDR 1,088,763,331,629 of the total budget. Budget management in 2019 was considered less efficient in implementing budget savings. In 2020 the level of budget efficiency was at a percentage level of 92.63% with a budget realization of IDR 1,146,484,210,994 of the total budget. Budget management in 2020 is considered less efficient in implementing budget savings. In 2021 the level of budget efficiency will be at a percentage level of 90.69% with a budget realization of IDR 1,078,907,580,522 of the total budget. Budget management in 2021 is considered quite efficient in implementing budget savings. In 2022 the level of budget efficiency will be at a percentage level of 94.66% with a budget realization of IDR 1,207,271,174,056 of the total budget. Budget management in 2022 is considered less efficient in implementing budget savings.

The level of spending performance is in the efficient category if the achievement is less than 100%, this indicates that the Banda Aceh city government has made savings in spending efficiency capabilities. It can be seen that from 2019 to 2022 it is still less efficient, as proven by the average analysis carried out reaching 92.52%. Efficiency is determined by accuracy in using the regional financial budget for main programs which are all included in the expenditure budget.

5.0 DISCUSSION AND CONCLUSIONS

From the results of the analysis of spending performance in the 2019-2022 Banda Aceh city budget realization report in this research, the following conclusions can be drawn:

1. Analysis of spending variances in the realization of Banda Aceh city government spending in 2019-2022 has shown efficient financial performance in managing the regional budget. Because the Banda Aceh city government implements a performance-based budget system where the expenditure budget is used according to needs and the realization of regional expenditure does not exceed the predetermined budget limit.
2. The analysis of spending growth in the Banda Aceh city government in 2019-2022 is efficient, this shows that the Banda Aceh city government has efficiently utilized the spending budget so that spending growth is getting better.
3. Analysis of expenditure harmony in the realization of Banda Aceh city government expenditure in 2019-2022 shows results that are not balanced between the operating expenditure budget and the capital expenditure budget. This can be seen from the budget allocation, that most of the budget is allocated to operating expenditure

compared to the capital expenditure budget. This explains that the Banda Aceh city government prioritizes budget allocation for personnel spending and goods spending.

4. The analysis of spending efficiency on the realization of Banda Aceh city government spending in 2019-2022 regarding the government's spending capacity from 2019-2022 is less efficient as proven by the average analysis carried out reaching 92.52%. Efficiency is determined by accuracy in using and allocating regional financial budgets to main programs, all of which are included in the expenditure budget.

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