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ANALYSIS OF EFFECTIVENESS AND EFFICIENCY OF BUDGET MANAGEMENT FOR THE PROCUREMENT OF GOODS AND SERVICES AT THE YOUTH AND SPORTS OFFICE OF EAST KALIMANTAN PROVINCE

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ABSTRACT

Measurement of effectiveness is by comparing the realization of the budget that has been used with the Budget Expenditure Target for the Procurement of Goods and Services that has been set, while the measurement of efficiency is the comparison between the realization of the budget that has been used with the realization of the budget for the Procurement of Goods and Services that has been achieved. The results of the effectiveness measurement show that from 2018 to 2020 the budget for the procurement of goods and services has not been effective because it reaches < 90%, while the results of the efficiency measurement show that from 2018 to 2020 the budget for the procurement of goods and services has run efficiently because reached < 90%.

KEYWORDS

Efficiency, Effectiveness, Budget for Procurement of Goods and Services



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1. INTRODUCTION

Procurement of goods and services is an activity of procurement of goods/services by Ministries/Institutions/Regional Apparatuses which is financed by the State Revenue and Expenditure Budget/State Revenue and Expenditure Budget whose process starts from the identification of needs, until the handover of the work. Every government agency definitely needs goods and services obtained through the mechanism for the procurement of goods and services. Efficient and effective government procurement of goods/services is an important part in improving the management of state finances.

Based on Law Number 32 of 2004 concerning Regional Government, regional governments are given broad authority in carrying out all government affairs ranging from planning, implementation, supervision, control and evaluation except for the authority in the fields of foreign policy, defense and security, justice, monetary, fiscal, religion and other authorities stipulated by government regulations.

Expenditure efficiency is a comparison between the actual expenditure and the budget. This direct expenditure efficiency ratio is used to measure the level of budget savings made by the government [1]. The effectiveness is related to the achievement of policy objectives or packages, where operational activities are said to be effective if the process of these activities achieves the goals and objectives of the active policy. Indicators of effectiveness describe the range of effects and impacts (outcomes) and outputs (outputs) of the program in achieving program objectives [2].

Analysis of financial performance in the Regional Revenue and Expenditure Budget (APBD) is carried out by comparing the results achieved from one period to the previous period so that it can be seen how the trend is. The implementation of performance-based budgeting is expected to be able to realize the budget prepared by the government in accordance with the goals and objectives to be achieved by the government.

The Youth and Sports Office of East Kalimantan Province is still not able to absorb the budget that has been budgeted, seen from the amount budgeted to finance programs or activities, it shows that between the budget plan set and the realization of the activity budget there is an inaccuracy, however this is seen from the difference between Budget Planning and Budget Realization, and there are still many program performance achievements that are still below the target, so it can be said that it is not in accordance with applicable regulations causing the program of activities that have not been fully implemented optimally. The budgeted activity plan for the East Kalimantan Provincial Youth and Sports Office spending activities that are budgeted and directly related to the implementation of programs and activities to be carried out by the East Kalimantan Provincial Youth and Sports Office.

The research objectives to be achieved by the authors in this study are to determine and analyze the effectiveness of budget management for the procurement of goods and services for the Youth and Sports Office of East Kalimantan Province in 2018 to 2020; and to find out and analyze the efficiency of budget management for the procurement of goods and services for the Youth and Sports Office of East Kalimantan Province in 2018 to 2020.

2. RESEARCH METHOD

2.1. Research Range

The type of research used is descriptive quantitative research method. This research was conducted for 3 months at the Youth and Sports Office of East Kalimantan Province for the 2018-2020 period, having the address at Jalan K.H Wahid Hasyim Komplek Madya Sempaja Stadium, Samarinda.

2.2. Research Activities

The stages of research activities, namely: research preparation, literature study, observation, data collection and data analysis.

2.3. Data collection

Data collection techniques through field research (field work research) and library research (library

research). The data collected are: (1) General description and organizational structure of the Youth and Sports Office of East Kalimantan Province; (2) General Plan for the Procurement of Goods and Services for the Youth and Sports Office of East Kalimantan Province from 2018 to 2020; and (3) Budget Realization Report for the East Kalimantan Provincial Youth and Sports Office for 2018 to 2020.

2.4. Data analysis

2.4.1. Efficiency Analysis

Efficiency is a condition or condition, where the completion of a job is carried out correctly and with full capabilities. The efficiency ratio for the procurement of goods and services is a comparison between the realization of expenditure on the procurement of goods and services and the realization of the budget. According to [1] that the formula for calculating spending efficiency is as follows:

$$\text{Efficiency Ratio} = \frac{\text{Realization of Procurement of Goods and Services}}{\text{Budget Realization}} \times 100\%$$

The criteria for the analysis of efficiency ratios can be categorized according to the Decree of the Minister of Home Affairs Number 690,900-327 of 1996 as follows:

- 1) The comparison result is more than 100%, then the budget is said to be inefficient.
- 2) The comparison results reach 90-100%, then the budget is said to be less efficient.
- 3) The comparison results reach 80-90%, so the budget is said to be quite efficient.
- 4) The comparison results reach 60-80%, then the budget is said to be efficient.
- 5) The comparison results reach below 60%, then the budget is said to be very efficient.

2.4.2. Effectiveness Analysis

Effectiveness is a measure of the success or failure of achieving the goals of an organization to achieve its goals. [3] defines effectiveness as a description of the government's ability to realize the planned budget compared to the target set based on the government's real potential. The level of effectiveness is measured by comparing the realization of the budget for the procurement of goods and services with the target for the budget for the procurement of goods and services with the formula according to [1] and [4] as follows :

$$\text{Effectiveness Ratio} = \frac{\text{Realization of the Budget for Procurement of Goods and Services}}{\text{Target for Procurement of Goods and Services}} \times 100\%$$

The value of effectiveness can be categorized according to the Decree of the Minister of Home Affairs Number 690,900-327 of 1996 as follows:

- 1) The comparison result is more than 100%, then the income is said to be very effective.
- 2) The comparison results reach 100%, then the income is said to be effective.
- 3) The comparison results reach 90-99%, then the income is said to be quite effective.
- 4) The comparison results reach 75-89%, then the income is said to be less effective.
- 5) The comparison results reach below 75%, then the income is said to be ineffective.

3. RESULTS AND DISCUSSION

3.1. Overview of the Youth and Sports Office

The East Kalimantan Provincial Youth and Sports Service was established based on the East Kalimantan Provincial Regulation Number 08 of 2008 concerning the Organization and Work Procedure of the

East Kalimantan Provincial Office. The Office of Youth and Sports of East Kalimantan Province is an implementing element of the Provincial Government in the Field of Youth, Scouting and Sports led by a head of service who is under and responsible to the Governor through the Regional Secretary [5].

The role of the Youth and Sports Office of the Province of East Kalimantan is directed to support the achievement of the regional vision and mission of the Province of East Kalimantan in youth and sports affairs. Along with these efforts and based on the position, main tasks and functions as well as the strategic issues faced in youth and sports affairs.

Main Duties The Youth and Sports Office of East Kalimantan Province has the main task of carrying out local government affairs in the field of youth and sports based on the principle of autonomy and assistance tasks; and its functions are (1) formulation and stipulation of policies in the field of youth empowerment, youth development, culture of sports, and improvement of sports achievements; (2) Coordination and synchronization of policy implementation in the field of youth empowerment, youth development, sports culture, and sports achievement improvement; (3) Planning, fostering and controlling technical policies in the field of youth empowerment, youth development, sports culture, and sports achievement improvement; (4) Implementation of government affairs and public services in the field of youth empowerment, youth development, sports culture, and sports achievement improvement; (5) Implementation of technical guidance and supervision of the implementation of government affairs in the field of youth empowerment, youth development, sports culture, and sports achievement improvement; (6) Supervision of the implementation of tasks within the Department of Youth and Sports; (7) Administration of secretarial affairs; (8) Implementation of the Service Technical Implementation Unit; (9) Development of Functional Position Groups; and (10) Execution of other tasks assigned by superiors in accordance with their field of duties and functions.

The organizational structure of the East Kalimantan Provincial Youth and Sports Office includes:

1. Head
2. Secretary:
 - a. Planning and Evaluation Sub-Section
 - b. Finance Sub-Section
 - c. General and Personnel Sub-Section
3. Youth Empowerment Department
 - a. Section of Energy and SDP, Science and Technology and Youth *Imtaq*
 - b. Section of Youth Insight and Capacity Improvement
 - c. Section of Youth Creativity Improvement
4. Youth Development Department
 - a. Section of Youth Leadership, Pioneering and Partnership
 - b. Section of Youth and Scouting Organizations
 - c. Section of Youth Infrastructure and Entrepreneurship
5. Sports Culture Department

- a. Section of Sports Education and Sports Center
 - b. Section of Recreational Sports, Traditional and Specialized Services
 - c. Section of Sports Partnerships and Awards
6. Sport Achievement Improvement Department
- a. Section of Talent, Science and Technology and Sports Workers
 - b. Section of Sports Promotion and Sports Achievements
 - c. Section of Standardization and Sports Infrastructure

7. Functional Position Group

3.2. Efficiency Level Analysis

Data recapitulation of Targets and Realization of the budget for the procurement of goods and services from 2018 to 2020 and efficiency analysis are presented in Table 1

Table 1. Recapitulation of Target Data and Realization of the Budget for Procurement of Goods and Services from 2018 to 2020 and Efficiency Analysis

| No. | Year Budget | Budget (Rp) | Budget Realization (Rp) | Efficiency (%) | Criteria |
|-----|----------------|----------------|----------------------------|-------------------|----------------|
| 1 | 2018 | 47.327.461.000 | 30.144.504.893 | 63,69 | Efficient |
| 2 | 2019 | 59.854.455.400 | 39.111.041.570 | 65,34 | Efficient |
| 3 | 2020 | 41.208.733.600 | 19.469.732.588 | 47,22 | Very Efficient |

Source: Data Processed Year 2022.

Based on Table 1 above, it shows that the implementation of the budget for the Youth and Sports Office of the Province of East Kalimantan in 2018 to 2020 is running efficiently. The efficiency level varies each year due to different conditions each year, namely in 2018 it was 63.69%, in 2019 it was 65.34% and in 2020 it was 47.22%.

The efficiency of the 2018 - 2020 Goods and Services Procurement Budget is known to be classified as efficiency from year to year. In 2018, efficiency was influenced by the implementation of the goods and services procurement budget carried out in accordance with the prepared and scheduled plans; In 2019, efficiency is affected by the realization of the goods and services procurement budget in accordance with the planned activities based on the Minister of Home Affairs Regulation Number 13 of 2006; and in 2020, efficiency is influenced by realizing the goods and services procurement budget very carefully in accordance with the plans that have been made and in its implementation always coordinating with all related parties.

According to Law Number 32 of 2004 concerning Regional Government, regional expenditures are all regional obligations that are recognized as deductions from net worth in the relevant budget period. The expenditure is intended to finance government programs related to its function in providing public goods and services as well as other tasks. Furthermore, Permendagri No. 13 of 2006 divides spending into two parts, namely direct spending and indirect spending. On the one hand, direct expenditure is a budgeted government expenditure that is directly related to the implementation of programs and activities. Examples of direct

expenditures are personnel expenditures, goods and services expenditures and capital expenditures. On the other hand, indirect spending can be interpreted as spending to pay for things that are indirectly related to government programs and activities. Examples are interest spending, subsidies and unexpected spending.

The ability to realize the budget is very important because government programs are running or not, it can be seen from the disbursement of the budgeted APBD funds. This means that the lower the realization of the budget, the fewer programs and government activities that are carried out. In the end, the government's goals were not achieved as expected.

Efficiency is closely related to the concept of productivity. Efficiency measurement is done by using a comparison between the output produced and the input used. The analysis of the level of efficiency of the expenditure budget can be calculated by comparing the level of realization of the direct expenditure budget with the realization of the expenditure budget [4]. The process of operational activities can be said to be efficient, if a certain product or work can be achieved with the lowest possible use of resources and funds. There are four factors that can affect budget efficiency: the quality of human resources as actors in the implementation of regional autonomy; financial factors as the backbone of the implementation of local government activities; factors of facilities and infrastructure to support the implementation of local government activities; and organizational and management factors as a means to conduct government administration [6].

2. Effectiveness Level Analysis

Data recapitulation of Target and Realization of goods and services procurement budget from 2018 to 2020 and analysis of effectiveness are presented in Table 2.

Table 2. Recapitulation of Target Data and Realization of the Budget for Procurement of Goods and Services from 2018 to 2020 and Efficiency Analysis

| No. | Year Budget | Budget (Rp) | Budget Realization (Rp) | effectiveness(%) | Criteria |
|-----|----------------|----------------|----------------------------|------------------|-----------------|
| 1 | 2018 | 12.613.295.000 | 11.555.904.500 | 91,62 | Quite effective |
| 2 | 2019 | 9.710.652.000 | 8.420.502.580 | 86,71 | Less effective |
| 3 | 2020 | 2.370.146.000 | 1.817.932,017 | 76,70 | Less effective |

Source: Data Processed Year 2022.

Based on Table 2 shows that the implementation of the budget for the Youth and Sports Office of the Province of East Kalimantan in 2018 to 2020 has not been effective. The level of effectiveness varies from year to year, this is due to the different conditions in each year. The lowest level of effectiveness occurred in 2020 and the highest in 2018.

The effectiveness of the Budget for the Procurement of Goods and Services for the Youth and Sports Office of the Province of East Kalimantan in the period 2018 – 2020 is varied. In 2018 effectiveness is affected by the management of the procurement of goods and services not carried out in accordance with Presidential Regulation 16 of 2018 concerning the procurement of goods and services, in 2019 effectiveness is affected by additional budget revenues carried out at the end of the year for National activities so that the management of procurement of goods and services is influenced by a different implementation period. inadequate, in 2020 the effectiveness affected by the spending budget underwent changes due to the Covid-19 pandemic so that the management of the procurement of goods and services was disrupted.

There are several factors that can affect effectiveness, including: low budget disbursement, administrative delays, complexity in the budget preparation process, high discrepancies between proposed and approved activities in DIPA, inflexible budget processes leading to delays in the DIPA revision process, inappropriate incentives for procurement officials with the level of difficulty of the projects faced and the high level of audit control so that it does not encourage civil servants to become procurement specialists, the lack of human resources in the formation of the procurement committee and the lack of socialization of the new regulations.

Effectiveness is basically related to the achievement of policy goals or targets (use results). Effectiveness as a comparison between the target and the results that have been achieved, the closer the target and the results achieved, the more effective a plan. Effectiveness is the relationship between output and goals or objectives to be achieved. That the effective use of the budget that comes from the people is when the budget is spent in accordance with the needs that have been set in the previous planning or in other words, it is spent in accordance with the goals or targets that must be achieved.

The reason for this effectiveness analysis is that it has not been effective because the realization of the expenditure budget which has a large difference with the budget target that must be achieved will affect the criteria for the effectiveness of the implementation of the budget. The realization of the budget expenditure is higher than the budget target, the more effective the implementation of budget expenditures.

4. CONCLUSIONS AND SUGGESTIONS

4.1. Conclusion

1. Effectiveness of the Goods and Services Expenditure Budget at the Youth and Sports Office of East Kalimantan Province Based on the results of the analysis and calculations from 2018 to 2020, the management of the budget for the Procurement of Goods and Services for the Youth and Sports Office of East Kalimantan Province has not been effective. This effective rate is obtained from the results of the implementation of the goods and services procurement budget carried out in 2018 to 2020, thus the hypothesis is declared rejected because the Effective level reaches $< 90\%$.
2. Efficiency of the Goods and Services Expenditure Budget at the Youth and Sports Office of East Kalimantan Province. Based on the results of calculations from 2018 to 2020, the management of the budget for the Procurement of Goods and Services for the Youth and Sports Office of East Kalimantan Province has been running efficiently. The efficient level is obtained from the results of the budget management for the Procurement of Goods and Services carried out in 2018 to 2020. Thus the hypothesis is declared accepted because the Efficient level reaches $< 90\%$.

4.2. Suggestion

1. For the Youth and Sports Office of the Province of East Kalimantan to monitor and evaluate the implementation of the budget for the procurement of goods and services every quarter.
2. For further researchers who take similar research, take different variables and add to the formula studied to measure the financial management of the procurement of goods and services.

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