

# Analysis of the Effectiveness and Efficiency of Local Government Budget Utilization

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## ABSTRACT

This research aims to determine and analyze the effectiveness and efficiency of revenue and expenditure budgets from 2017 to 2021 in the Administrative Authority of Baucau District. The analytical tool employed in this study is a quantitative descriptive method, involving an analysis of target data, expenditure and revenue realization, utilizing effectiveness and efficiency ratios. The data used includes both primary and secondary data. The findings of this research indicate that the average effectiveness of revenue and expenditure budget realization from 2017 to 2021 in the Administrative Authority of Baucau District is 85.97%, meeting the criteria of being Sufficiently Efficient. The average efficiency level is also 85.97%, meeting the criteria of being sufficiently efficient. Meanwhile, the performance achievement of the program planning in 2021-2022, measured by the average program realization, is considered quite good.

**KEYWORDS:** effectiveness, efficiency, budget utilization

## I. INTRODUCTION

Good Governance and Democracy can begin with the absorption of government budgets, and effective budget absorption will assist in national economic growth and the welfare of the people. There are three crucial roles that the government must play with transparency, accountability, Good Governance, becoming the true wealth of the nation in the strength of its people with the vision and goal of maximizing overall health, secure and prosperous education, building a just and progressive society, stimulating and reducing poverty (Tamasoleng, 2015).

The Timor-Leste government has undergone a continuous process of reform in Public Financial Management since gaining independence, and its approach reflects commitment and progress achieved in national development. Despite some weaknesses and challenges, the governance and structural system of Public Financial Management reflect the government's ongoing commitment to the vision of modern nation-building and institutional development in line with international standards.

Budget expenditure and state revenue (APBN) are crucial for the government to respond to the needs of the people of East Timor through programs of the Ministry of Finance (Ministério das Finanças Timor-Leste) that align with the strategic development plan (PED). Core and productive infrastructure is required to build a modern and productive

Mardiasmo (2017:134) explains that the budget is crucial for several reasons: (1) The budget serves as a tool for the government to direct socio-economic development, ensure sustainability, and enhance the quality of people's lives. And (2) The budget is needed due to the unlimited and evolving needs and desires of society, while existing resources are limited. The budget is necessary due to problems such as resource scarcity, choices, and trade-offs.

In designing the State Budget of Timor-Leste, commonly known as the General State Budget (Orçamento Geral do Estado - OGE), the government allocates funds for various programs and activities within a monetary framework utilizing public resources.

Formally, the Timor-Leste Government recognizes the existence of a local government administrative structure through the principles of democracy and decentralization, as stated in the Constitution of the Democratic Republic of Timor-Leste (RDTL). In Article 5 (1), it is mentioned that, 'o estado respeita, na sua organização territorial, o princípio da descentralização da administração pública' (In territorial organization, the State respects the principle of decentralization of public administration). The consequence of this article is the establishment of regional governments, as mentioned in Article 72 (1) that, O poder local é constituído por pessoas colectivas de território dotadas de órgãos representativos, com o objectivo de organizar a participação do cidadão na solução dos problemas próprios da sua comunidade e promover o desenvolvimento local, sem prejuízo da participação do estado (Local government is a legal community unit in a specific territory with representative bodies, aiming to regulate the participation of the community in solving issues within its own community and developing local development without reducing the participation of the State. To realize the constitutional mandate, since 2004, the government through the Council of Ministers has issued a resolution known as Council of Ministers Resolution No. 2004/88/III, instructing the Ministry of State Administration, abbreviated as MAE.

In accordance with Law No. 3 of 2016 on municipal administration of municipal authorities and inter-ministerial technical groups for administrative decentralization. The Constitution of the Democratic Republic of Timor Leste specifies in article 5 number 1, which the state respects in the administration of its public administration. the constitution of the republic also provides in article 72, the existence of local powers formed by the collective people of the territory, endowed with representative bodies, with the aim of organizing the participation of citizens in the solution of their problems, communities and advancing local development, without prejudice to the participation of the state. The diploma of the minister of state administration no. 8/2016 establishes the services of municipal authorities and municipal administrations and approves this functional structure.

Miguel de Carvalho Soares (2014), at the Direção Nacional de Aprovisionamento, logístico and materiais at the Ministerio do Comercio Industria e Ambiente Timor-Leste in 2010-2014, found that the level of budget efficiency varied greatly in effectiveness.

Joao Amaral (2015), at the Ministerio das Obras Publico Timor-Leste with the results of budget effectiveness from 2009-2013 found very sufficient effectiveness.

#### Legal Basis of State Finance in the Constitution (RDTL)

Based on the State budget mandated in the Constitution of the Democratic Republic of Timor Leste (RDTL) regarding the management of the State budget (APBN).

a. The Constitution of the Democratic Republic of Timor-Leste (RDTL) Article 145, paragraphs 1 to 3, reads as follows:

1. The government creates the state budget, then seeks approval from the national parliament, or in Tetum, "Governu mak halo orcamentu jeral estadu nian, no Parlamentu Nacional mak sei fo aprovasaun."

2. The State Budget Law must avoid, based on efficiency and effectiveness, discrimination in revenue and expenditure, and avoid aid and funds that are secretive. In Tetum, "Lei orcamentu nian tenke preve, ho baze iha efisiensia no efikasia, diskriminasaun reseita no despeza nian, no mos, sees husi dotasaun no fundus sekretu sira."

3. Budget execution will be supervised by the high administrative and financial court and the national parliament. In Tetum, "Ezekusaun orcamentu sei iha fiskalizaun hosi tribunal superior administrativu fiscal no kontas no mos hosi parlamentu nasional."

b. Law No. 13/2009/21 October, concerning the budget and financial management of Timor-Leste.

c. The fundamentals of preparing the State Budget (APBN). The stages of preparing the APBN/APBD according to A. Anshari Ritonga (2004) regarding the essence of efficiency in the implementation of the APBN/APBD are related to budgeting. Efficiency will involve four stages as follows: (1) planning, (2) execution, (3) calculation, and (4) adjustment.

The city of Baucau becomes a local public administration organism, with a vision to promote progress and ensure sustainable development in Baucau. It establishes strategies and guidelines to create conditions of competitiveness, innovation, and modernization, ensuring public interests through efficient and transparent resource management. The municipality's vision is "A Dynamic, Innovative, and Solid Municipality."

Regarding spatial planning, the State respects the principle of decentralized general governance. The consequence of this principle is the formation of local governments, as stated in Article 72(1). Consequently, the budget is planned annually, but if it cannot be implemented effectively, does not achieve the annual budget planning, and the planned activities do not meet annual targets, a portion of the unused budget is returned to the State through the Ministry of Finance.

Based on the issues or phenomena related to the Budget and Expenditure at the Baucau District Administration Office in Timor-Leste, there is a tendency for fluctuation in budget allocation from 2017 to 2021. Therefore, this research focuses on analyzing the effectiveness and efficiency of the budget and expenditure at the Baucau District Administration Office in Timor-Leste from 2017 to 2021.

### **A. Problem Formulation**

Based on the background above, the problem in this research can be formulated as follows: How is the level of effectiveness and efficiency of budget utilization at the Administrative Office of Madia Baucau City?

### **B. Research Objectives**

The purpose of this study was to determine and analyze the effectiveness and efficiency of the use of the Baucau District Local Government budget.

## **II. LITERATURE REVIEW**

### **A. Public Sector Budget**

The objectives of this research are to determine and analyze the effectiveness and efficiency of budget utilization in the Local Government of Baucau Municipality.

#### **1) *Budget basics in Timor Leste***

- 1) The RDTL Constitution article 145 clearly states that:
  - a) The state budget (APBN) shall be prepared by the government and approved by the National Parliament.
  - b) Financial legislation shall be based on effectiveness and efficiency, the description of state revenues and expenditures and ensure that no secret funds are deposited. (Lei Gestao Financas Publicas, Lei No. 13/2009).
  - c) The execution of the budget will be supervised by the highest control of the tax administration and the financial audit (tribunal de contas) and the National Parliament.
- 2) Public finance law no. 13/2009 (Lei gestao Financas Publicas)- This law regulates the principles and rules for the use of the public budget and loans guaranteed by the government, the content and structure of the government budget and the law for each year's budget including rules for special funds, budget amendment procedures, budget execution and includes the content for the execution of the annual budget. As well as other rules relating to the government budget.
- 3) Timor Leste Petroleum Law 2005: this law deals with the transfer of public revenues from petroleum to the territory of Timor-Leste for the government as the owner of the petroleum fund.
- 4) Other regulations made by the Timor-Leste Ministry of Finance.

#### **2) *State budget of Timor-Leste***

The State Budget (APBN) is the government's annual financial plan. The APBN/ OGE in the context of Timor-Leste is based on the "Livro Cidadao 2019/Citizen Guidelines 2019" which is a document that includes calculations regarding the predicted revenue and expenditure budgets for the following year based on the government's priorities, the Ministry of Finance holds a financial workshop called the "Jornada Orcamento" to discuss the priorities of the government for the following fiscal year and then the Ministry of Finance includes all the priorities of all ministries in the budget. After the pasta is approved by the government, it is submitted to the parliament and if the parliament approves, the parliament will submit it to the president for approval and promulgation dor the government journal after that it is called the Orcamenti Geral do Estado (OGE) or the state budget.

## **B. Definition of Regional Revenue and Expenditure Budget (RREB)**

The State Budget, known as Regional Revenue and Expenditure Budget (RREB), is the government's annual financial plan. In the context of Timor-Leste, the APBN/OGE, as outlined in the "Livro Cidadao 2019/Citizen Guidelines 2019," is a document that includes calculations related to the projected revenue and expenditure for the following year based on government priorities. The Ministry of Finance conducts a financial workshop called "jornada Orcamento" to discuss the government's priorities for the upcoming fiscal year. Subsequently, the Ministry of Finance compiles all the priorities from various ministries into a document known as "pasta verde." After the pasta is approved by the government, it is submitted to the parliament. If the parliament approves it, they present it to the president for final approval and promulgation through the government journal. Only after this process is completed, it is officially referred to as the Orcamenti Geral do Estado (OGE) or the State Budget.

According to Hidayat (2011:18), effectiveness is a measure of a company that indicates how far the targets, namely quantity, quality, and time, have been achieved. The greater the percentage of targets achieved, the higher its effectiveness.

Mardiasmo (2017:134) defines effectiveness as a measure of the success of achieving the goals of an organization. If an organization achieves its goals, it has operated effectively. Effectiveness indicators describe the scope of outcomes and impacts from the program's outputs in achieving program goals. The greater the contribution of the outputs produced to the achievement of specified goals or targets, the more effective the working process of an organizational unit.

Efficiency is closely related to the concept of productivity as proposed by Mardiasmo (2018:165). When measuring efficiency, the achieved output is compared to the inputs used (output costs). Operational activities are considered efficient if a particular product or activity is carried out with minimal resources and facilities (if fully utilized).

According to Mahmudi (2011:22), efficiency is related to the relationship between the output in the form of goods or services produced and the resources used to produce that output. An institution or agency, program, or

activity is said to be efficient if it can produce a certain output with the lowest input, or with a certain input can produce the maximum output.

### **III. RESEARCH METHOD**

#### **A. Research Type**

The type of data used in this study is quantitative descriptive research. According to Sugiono (2008), descriptive research is conducted to determine the values of independent variables, either a single variable or (more independently) without making comparisons or connecting with other variables.

This descriptive research is a type of non-experimental quantitative study that is relatively straightforward. It portrays quantitative data obtained regarding the condition of subjects or phenomena from a population. The research describes quantitative data obtained regarding the condition of subjects or phenomena from a population. Over five years from 2017 to 2021, data were obtained from the Financial Management of the Baucau District in the form of respective annual reports. In this context, the fiscal position and financial conditions of the Baucau District are presented, while quantitatively calculating the development of efficiency and effectiveness in the financial management of the district.

The unit of analysis in this study is the financial management of the Baucau District from the fiscal year 2017 to the budget year 2021. The data used in this study include Local Own Source Revenue (LOSR), Operational Expenditure, Capital Expenditure, Unforeseen Expenditure, and the Regional Revenue and Expenditure Budget (RREB), among others. Data collection is carried out by gathering documents related to the research problem and, as an institution, through time series data, with secondary data collected from the Budget Realization Report (BRR) from the Office of the Regional Financial Management Agency (RFMA) of the Baucau District.

#### **B. Time and Location of the Research**

The research was conducted at the Baucau District Government Office located on Rua Taur matan ruak-Avenida Tirilolo Street. The study was carried out from the year 2017 to 2021.

##### Research Variables

Research variables are attributes, characteristics, or values of individuals, objects, organizations, or activities that exhibit certain variations defined by the researcher for study and subsequent conclusions (Sugiyono, 2016:68). Thus, research variables are designations that can be assigned numerical values (quantitative) or quality values (qualitative).

#### **C. Variable Identifications**

Based on the title of this proposal, the author attempted to identify three variables consisting of two dependent variables and one independent variable, categorized as follows: Effectiveness, Efficiency.

## Operational Definition of Research Variables

### a) Effectiveness

Effectiveness is the success of the Baucau District Authority in Timor-Leste in managing its finances to achieve the development goals set from 2017 to 2021 by comparing the measurement of financial performance effectiveness between actual revenue and budgeted revenue. This can be formulated in the following equation:

Mahmudi (2013:86)

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

### b) Efficiency

Efficiency is the achievement of local revenue of the Baucau District Authority of Timor Leste compared to the costs incurred to obtain this revenue from 2017 to 2021, the level of efficiency is often measured by comparing the expenditure budget and its realization. (Mahmudi (2013:85))

$$\text{Efficiency Ratio} = \frac{\text{Direct Expenditure Budget Realization}}{\text{Target Expenditure Budget}} \times 100\%$$

## D. Data and Data Sources

### 1) Data

According to Farida Nugrahani (2014), quantitative research data is generally soft data in the form of words, expressions, sentences and actions, not hard data in the form of statistical numbers, as in quantitative research. The words and actions of the person or subject under study, and processed from financial reports are the main data in Quantitative research.

### 2) Data Sources

The data used in this research is Primary Data. Primary data is a source of research data obtained directly from the original source or not through intermediary media. And Secondary data In this case, Primary Data is obtained from observation and documentation activities directly at the research site in the form of a Budget Realization Report, where the authors obtain data directly from the Baucau Regency Government.

## E. Data Collection Techniques

Data collection techniques are very important factors for the success of a study. The quality of data is largely determined by the tools or instruments used to collect data. According to Suharsimi Arikunto (2006: 223)

## F. Data Analysis Method

### 1) Effectiveness Analysis

At the operational level, it is effective if the activity mechanism achieves or meaningfully produces the final goals and objectives (Mardiasmo, 2018: 166).

**Table 1. Effectiveness Classification Criteria**

Efficiency Score	Criteria
>100%	Highly Effective
90-100%	Effective
80-90%	Effective Enough
60-80%	Less Effective
<60%	No Effective

Source: Decreto Governo No 9/ 2019

**2) Analysis Efficiency**

Efficiency is closely related to the concept of productivity put forward by Mardiasmo (2018; 165).

**Table 2. Effectiveness Classification Criteria**

Efficiency Score	Criteria
>100 %	Not Efficient
90%-100%	Less Efficient
80%-90%	Efficient Enough
60%-80%	Efficient
< 60%	Highly Efficient

Source: Decreto Governo No 9/ 2019

**IV. RESEARCH RESULTS AND DISCUSSION**

The development of expenditure (Expenditure) of the Baucau District Authority Administration from 2017 to 2021

The development of the budget realization of the Baucau Regency Administration is in the public spotlight and there are many obstacles faced by Baucau Regency, especially the ability of human resources (HR) so that it has an impact on the execution of the revenue and expenditure budget that has been budgeted.

This can be seen in the table below:

Table 3. Budget realization of Baucau District Authority Administration expenditure in 2017

Category	Allocation of Budget	Implementation of the Expenditure Budget	Remaining Budget Implementation	Realization of budget %
Salary & Wages	\$ 1,577,769.00	\$ 1,180,480.94	\$ 397,288.06	74.81
Routine Budget (good & service)	\$ 1,304,830.00	\$ 1,097,620.27	\$ 207,209.73	84.11
Public Transfer Budget	\$ 998,649.00	\$ 756,726.25	\$ 241,922.75	75.77

Source: Autoridade Municipiu Baucau

From Table 3 can be described as follows:

Salaries & allowances (salaries & wages) budget realization of 74.81%, in general the budget is less effective, budget absorption in the overtime line item does not absorb the budget at all 0%. salary items do not absorb 100%.

Routine Budget (good & service) Budget realization is 84.11%, in general the budget is quite effective.

Public Transfer Budget, budget realization reached 75.77%, in general the budget is less effective, the absorption of budget allocations in line items partially does not absorb and some line items that absorb the budget exceed the allocated budget.

Table 4. Budget realization of Baucau District Authority Administration expenditure in 2018

Category	Allocation of Budget	Interplementation of the Expenditure Budget	Remaining Budget Implementation	Realzation Budget %
Salary & Wages	\$ 1,352,195.00	\$ 1,167,237.91	\$ 184,957.09	86.32
Goog & Service	\$ 1,205,498.00	\$ 775,293.96	\$ 430,204.04	65.31
Public Budget Transfers	\$ 881,478.00	\$ 833,385.00	\$ 48,093.00	94.54

Source: Autoridade Municipiu Baucau

From Table 4 can be described as follows:

Salaries & allowances (salaries & wages) budget realization of 86.32%, in general the budget is quite effective, but the budget in the line item allowances did not absorb the budget at all 0%, and the salary item did not absorb 100%.

Routine Budget (good & service) Budget realization is 65.31%, in general the budget is less effective in some line items that do not absorb, and there are also line items that exceed the allocated budget.

Public Transfer Budget, budget realization reached 94.54%, in general the budget is effective.

Table 5. Budget realization of Baucau District Authority Administration expenditure in 2019

Category	Allocation of Budget	Implementation of The Expenditure Budget	Remaining Budget Implementation	Realization Budget %
Salary & Wages	\$ 1,475,052.00	\$ 1,243,926.33	\$ 231,125.67	84.33
goog & service	\$ 1,451,660.00	\$ 1,047,458.26	\$ 404,201.74	72.15
Budget Modall (Minor capital)	\$ 15,000.00	\$ 15,000.00	\$ -	100
Public Transfer Budget	\$ 929,145.00	\$ 902,464.25	\$ 26,680.75	97.12

Source: Autoridade Munisipiu Baucau

From Table 5. can be describe as follow:

Salaries & allowances (salaries & wages) budget realization of 84.33%, in general the budget is quite effective, but the budget in the salary item does not absorb 100%.

Routine Budget (good & service) Budget realization of 72.15%, in general the budget is less effective in several line items that do not absorb, and there are also line items that exceed the allocated budget. the budget uses Duodesimo only for important purposes, and all countries are experiencing difficulties due to economic instability in the covid-19 virus problem, all activities do not carry out in accordance with the established program.

Minor capital budget, budget realization reached 100%, in general the budget is very effective.

Public Transfer Budget, budget realization reached 97.12%, in general the budget is effective.

Table 6. Budget realization of Baucau District Authority Administration expenditure in 2020

Category	Allocation of Budget	Implementation of The Expenditure Budget	Remaining Budget Implementation	Realization Budget %
Salary & Wages	\$ 1,342,949.00	\$ 1,293,203.93	\$ 49,745.07	96.29
goog & service	\$ 724,969.00	\$ 705,561.47	\$ 19,407.53	97.32
Public Transfer Budget	\$ 951,480.00	\$ 950,727.00	\$ 753.00	99.92

Source: Autoridade Munisipiu Baucau

From Table 6 can be describe as follow:

Salaries & allowances (salaries & wages) budget realization of 96.26%, in general the budget is effective, but the budget in the line item allowances and salary items do not absorb 100%.

Routine Budget (good & service) Budget realization of 97.32%, in general the budget is effective in some line items that do not absorb up to 100%.

Public Transfer budget, budget realization reached 99.92%, in general the budget is effective, because it has implemented in accordance with the program that has been set very well.

Table 7. Budget realization of Baucau District Authority Administration expenditure in 2021

Category	Allocation of Budget	Implementation of The Expenditure Budget	Remaining Budget Implementation	Realization Budget %
Salary & Wages	\$ 1,510,951.50	\$ 1,383,319.75	\$ 127,631.75	91.55
Routine Budget (good & service)	\$ 1,131,833.50	\$ 961,255.77	\$ 170,577.73	84.92
Budget Modall (Minor capital)	\$ 437,850.00	\$ 410,069.95	\$ 27,780.05	93.65
Contingency Budget	\$ 261,939.00	\$ 233,252.66	\$ 28,686.34	89.04
Public Transfer Budget	\$ 1,966,549.00	\$ 1,873,951.50	\$ 92,597.50	95.29

Source: *Autoridade Municipiu Baucau*

from Table 7 can be follow as:

Salaries & allowances (salaries & wages) budget realization of 91.55%, in general the budget is effective, but the budget in the salary item does not absorb 100%.

Routine Budget (good & service) Budget realization is 84.92%, in general the budget is quite effective in some line items that do not absorb, and there are also line items that exceed the allocated budget.

Capital Budget (Minor capital), budget realization reached 93.65%, in general the budget is effective

Contingency budget, budget realization reached 89.04%, in general the budget is quite effective

Public Transfer Budget, budget realization reached 95.29%, in general the budget is effective.

## A. Research Analysis

The discussion of the results of this research will discuss how the level of effectiveness and efficiency of budgets and expenditures used to analyze effectiveness and efficiency in the Administration of the Baucau District Authority in 2017 to 2021.

## B. Effectivity Analysis

The level of effectiveness of the expenditure budget at the Baucau District Authority Administration observed by researchers from 2017 to 2021.

**Table 8. Level of Effectiveness of Expenditure Budget at the Baucau District Authority Administration from 2017 to 2021**

Year of Budget	Target /Output	Realisasi/Outcome	Level of Effectiveness	Criteria
2017	\$ 3,881,248.00	\$ 3,034,827.46	78.19	Less Effective
2018	\$ 3,439,171.00	\$ 277,805.37	80.62	Effective Enough
2019	\$ 3,870,857.00	\$ 3,211,960.34	82.97	Effective Enough
2020	\$ 3,019,398.00	\$ 2,949,370.40	97.68	Effective
2021	\$ 5,309,123.00	\$ 4,812,628.34	90.64	Effective
average realization	\$ 19,519,797.00	\$ 14,286,591.91	85.97	Effective Enough

Table 8. explains that the results of the above calculations can be seen in the level of effectiveness in the Administration of the Baucau district authority for five years from 2017 to 2021 in the following::

The budget in 2017 Baucau district authority administration received a budget realization of \$ . 3,034,827.46 of the total budget received of \$ . 3,881,248.00 and budget effectiveness of 78% so that it can be categorized as less effective (60-80%). This is categorized as there are activities that are not running, so the budget execution is said to be not good, in accordance with the financial statements in 2017 where the realization of the expenditure budget fell, so that the budget that was not used became the remaining budget so that it had an impact on the realization of the outcome at the end of the year.

The budget in 2018 for the Baucau District Administration Authority received a realized budget of \$ . 2,772,805.37 of the total budget received of \$ . 3,439,171.00 and the effectiveness of the budget is 81% so that it can be categorized as quite effective (80-90%). This is categorized as an activity that is quite running, so the budget execution is said to be quite good, in accordance with the financial statements in 2017 where the realization of the expenditure budget fell, so that the budget that was not used became the remaining budget so that it had an impact on the realization of the outcome at the end of the year.

The budget in 2019 of the Baucau district authority administration received a realized budget of \$ . 3,211,960.34 of the total budget received of \$ . 3,870,857.00 and budget effectiveness of 83% so that it can be categorized as quite effective (80-90%). Where in this year the realization / outcome is low due to the low budget on capital expenditure and several activities are not carried out, so that budget execution is said to be good.

The budget in 2020 Baucau district authority administration received a budget realization of \$. 2,949,370.40 of the total budget received of \$. 3,019,398.00 and budget effectiveness of 98% so that it can be categorized as effective (90-100%). Experiencing an increase in the effectiveness of the expenditure budget where the most effective level of expenditure budget occurred in 2020 due to the highest percentage index of the previous four (4) years.

The budget in 2021 Baucau district authority administration received a budget realization of \$. 4,812,628.34 of the total budget received of \$. 5,309,123.00 and budget effectiveness of 91% so that it can be categorized as effective (90-100%). Experiencing an increase in the effectiveness of the expenditure budget where the most effective level of expenditure budget occurs in 2021 due to the highest percentage index of the four (4) years.

In table 8. seen in the development pattern of budget effectiveness autoridade munisipiu dili of 86% categorized as quite effective (80-90%). Show with the average level of effectiveness from 2017 to 2021 which means that budgets and expenditures are quite effective.

### C. Efficiency Analysis

The level of efficiency of the expenditure budget in the administration of the Baucau District Authority observed by researchers from 2017 to 2021.

**Table 9. Efficiency Level of Expenditure Budget in Baucau District Authority Administration from 2017 to 2021**

Years	Allocation Budget	Implementation of the Expenditure Budget	Remaining Budget Implementation	Budget realization %	Criteria
2017	\$ 3.881.248,00	\$ 3.034.827,46	\$ 846.420,54	78,19	Efficient
2018	\$ 3.439.171,00	\$ 2.772.805,37	\$ 666.365,63	80,62	Efficient Enough
2019	\$ 3.870.857,00	\$ 3.211.960,34	\$ 658.896,66	82,97	Efficient Enough
2020	\$ 3.019.398,00	\$ 2.949.370,40	\$ 70.027,60	97,68	Less Efficient
2021	\$ 5.309.123,00	\$ 4.812.628,34	\$ 496.494,66	90,64	Less Efficient
rata-rata realisasi	\$ 19.519.797,00	\$ 16.781.591,91	\$ 2.738.205,09	85,97	Efficient Enough

*Source: Baucau district authority administration data 2017-2021 (data processed)*

Seen from Table 9 shows that the calculation of the efficiency of the expenditure budget with the calculation results of the ratio can be seen that the efficiency level of expenditure realization in 2017, 2018 and 2019 with the title of efficient 78%, 81% and 83%. a decrease in the budget level in 2020 and 2021, namely at a less efficient level with 98% and 91%, is considered efficient from the average level seen from the analysis of the efficiency level during the period 2017 to 2021 is quite efficient (86%).

**Table 10. Recapitulation of the Results of the Calculation of the Level of Effectiveness and Efficiency of Budgets and Expenditures at the Baucau District Authority Administration in 2017-2021**

Years	2017	2018	2019	2020	2021
Effectivity Expenditure Budget	78.19	80.62	82.97	97.68	90.64
Criteria	Less Effective	Effective Enough	Effective Enough	Effective	Effective
Efficiency Expenditure Budget	78.19	80.62	82.97	97.68	90.64
Criteria	Efficiency	Efficiency Enough	Efficiency Enough	Less Efficiency	Less Efficiency

*Source: analysis results 2023*

To be calculated regarding the effectiveness of the expenditure budget each year the criteria are effective and less effective, for 2017 it reached the criteria less effective, and in 2018 and 2019 it reached the criteria quite effective. Meanwhile, the results of calculations regarding the efficient budget of the Baucau District Authority Administration for 2017 with efficient criteria, in 2018 and 2019 with fairly efficient criteria, and in 2020 and 2021 with less efficient criteria. From there it shows that for each year the realization of the expenditure budget does not exceed the set, with the calculation results from year to year the Baucau District Authority Administration can save funds in the preparation of the expenditure budget.

## V. DISCUSSION

### A. Effectiveness Analysis of Expenditure Budget Implementation 2017-2022

Based on the results of the analysis above, it can be seen that the analysis of the effectiveness of the implementation of the Baucau District Authority's expenditure budget from 2017-2021 for five (5) years changes the percentage value. The realization of the expenditure budget in 2017 at the Baucau District Authority Administration with a total expenditure realization of \$ 3,035,827.46 of the total expenditure budget received of \$ 3,881,248.00 and budget effectiveness of 78.19% so that it can be categorized as less effective (60% - 80%). In 2018 the Baucau District Authority Administration received a budget realization of \$ 2,775,916.87 of the total expenditure budget received of \$ 3,439,171.00 and the effectiveness of the expenditure budget was 80.71% so that it could be categorized as Moderately Effective (80% - 90%). In 2019 the Baucau District Authority Administration received a budget realization of \$ 3,208,848.84 from the total budget received of \$ 3,870,857.00 and the effectiveness of the expenditure budget was 82.89% so that it could be categorized as Moderately Effective (80% - 90%).

In 2020 the Baucau District Authority Administration received a budget realization of \$ 2,949,492.40 from the total budget received of \$ 3,019,398.00 and the effectiveness of the expenditure budget was 97.68% so that it could

be categorized as Effective (90% - 100%). In 2021 the Baucau District Authority Administration received a budget realization of \$ 4,861,849.63 from the total budget received of \$ 5,309,123.00 and the effectiveness of the expenditure budget was 91.57% so that it could be categorized as Effective (90% - 100%). Although quite effective, there was a decrease in the percentage of effectiveness of budget realization from the previous year by 7%. This is because there are several programs that were not realized due to changes in political policy.

### **B. Efficiency Analysis of Expenditure Budget Implementation 2017-2022**

Based on the results of the analysis above, it can be seen that the analysis of the efficiency of the implementation of the Baucau District Authority Administration's expenditure budget from 2017-2021 for five (5) years changes in percentage value. The realization of the expenditure budget in 2017 at the Baucau District Authority Administration with a total expenditure realization of \$ 3,035,827.46 of the total expenditure budget received of \$ 3,881,248.00 and a budget efficiency of 78.19% so that it can be categorized as efficient (60% - 80%). In 2018 the Baucau District Authority Administration received a budget realization of \$ 2,775,916.87 of the total expenditure budget received of \$ 3,439,171.00 and a budget effectiveness of 80.71% so that it can be categorized as Moderately Efficient (80% - 90%). In 2019 the Baucau District Authority Administration received a budget realization of \$ 3,208,848.84 from the total budget received of \$ 3,870,857.00 and a budget efficiency of 82.89% so that it can be categorized as Moderately Efficient (80% - 90%).

In 2020 the Baucau District Authority Administration received a budget realization of \$ 2,949,492.40 from the total budget received of \$ 3,019,398.00 and a budget efficiency of 97.68% so that it can be categorized as less efficient (90% - 100%). In 2021 the Baucau District Authority Administration received a budget realization of \$ 4,861,849.63 from the total budget received of \$ 5,309,123.00 and an expenditure budget efficiency of 91.57% so that it can be categorized as less efficient (90% - 100%). Although less efficient, there was a decrease in the percentage of efficiency of expenditure budget realization from the previous year by 7%. This is because there are several programs and activities that are not realized due to changes in political policy.

From the analysis of the results above, it shows that the average level of efficiency from 2017 to 2021 of the Baucau Regency Authority Administration refers to the criteria as quite efficient with a percentage reaching 86.22%.

The results of this study are not in line with the research of Erika Z. Lasupu, Lintje Kalangi, Lidia M. Mawikere (2021) which shows the results of the research obtained that the Effectiveness and Efficiency of Budget Implementation at the National and Political Unity Agency of Tojo Una-Una Regency, on average, are included in the effective and efficient criteria according to the level of criteria according to the Decree of the Minister of Home Affairs Number 690.900.327 of 1996.

### C. Analysis of Budget Realization Based on Program Achievement in 2021-2022 based on Annual Program Planning (APP)

This analysis focuses more on the relationship between measures of effectiveness, efficiency in the implementation of budget realization with from 2021-2022 can be seen in table 5.17 as follows:

**Table 11. Budget realization per budget item in 2017-2021**

Years	Budget Items	Allocation Budget \$	Realization Budget \$	Remaining Budget Implementation	Realization Budget %
2017	Salary & Wages	1.577.769,00	1.180.480,94	397.288,06	74,81
	Goods & Services	1.304.830,00	1.097.620,27	207.209,73	84,11
	Public Transfer	998.649,00	756.726,25	241.922,75	75,77
Total Budget Allocation & Realization		3.881.248,00	3.034.827,46	846.420,54	78,19
2018	Salary & Wages	1.352.195,00	1.167.237,91	184.957,09	86,32
	Goods & Services	1.205.498,00	775.293,96	430.204,04	65,31
	Public Transfer	881.478,00	833.385,00	48.093,00	94,54
Total Budget Allocation & Realization		3.439.171,00	2.775.916,87	663.254,13	80,71
2019	Salary & Wages	1.475.052,00	1.243.926,33	231.125,67	84,33
	Goods & Services	1.451.660,00	1.047.458,26	404.201,74	72,15
	Public Transfer	929.145,00	902.464,25	26.680,75	97,12
	Minor Capital	15.000,00	15.000,00	\$ -	100
Total Budget Allocation & Realization		3.870.857,00	3.208.848,84	662.008,16	82,89
2020	Salary & Wages	1.342.949,00	1.293.203,93	49.745,07	96,29
	Goods & Services	724.969,00	705.561,47	19.407,53	97,32
	Public Transfer	951.480,00	950.727,00	753,00	99,92
Total Budget Allocation & Realization		3.019.398,00	2.949.492,40	69.905,60	97,68
2021	Salary & Wages	1.510.951,50	1.383.319,75	127.631,75	91,55
	Goods & Service	1.131.833,50	961.255,77	170.577,73	84,92
	Public Transfer	1.966.549,00	1.873.951,50	92.597,50	95,29

	Minor Capital	437.850,00	410.069,95	27.780,05	93,65
	Capital & Development	261.939,00	233.252,66	28.686,34	89,04
Total Budget Allocation & Realization		5.309.123,00	4.861.849,63	447.273,37	91,57
average realization		19.519.797,00	16.830.935,20	2.688.861,80	86,22

Source: Budget report 2017-2019 Baucau District Authority Administration

## D. Analysis of Program Implementation Achievements in 2017-2022

### 1) Analysis of Performance Outcomes

The Municipality of Baucau has started to develop its own Local Development Plan called the Municipal Strategic Development Plan for the period 2015-2030, recognizing that the plan is a vision, a plan and an action. Baucau is already in a state where they are able to live and work on their own.

There is a vision that implies that five years from now, the Municipality of Baucau aims to be a commercial city and provide services for community activities, safe and high value to cultural aspects and the affirmation of faith and devotion. This is a competitive and professional advantage to take a step forward and ensure the sustainable management of human resources and respect for traditional knowledge as a reference for the development of trade and services for the improvement of people's lives.

The data and information presented in the table below can explain the performance achievements or key performance indicators obtained in the 2021-2022 period. In measuring key performance indicators, it does not look at whether the programs have an allocated or unallocated budget, but rather focuses on achievements in general, where the results of performance achievements can only be described. the level of analysis only focuses on the last two years, namely 2021-2022, where in both years the Ministry of Finance started implementing budget allocations based on programs, sub-programs and activities.

The data and information presented in table 5.6.1.2 can explain the performance achievements or key performance indicators obtained in the period 2022. The measurement of key performance indicators does not look at whether the programs are budget allocated or not allocated, but rather focuses on achievements in general, where the results of performance achievements can only be described, budget allocations based on programs, sub-programs and activities. Looking at the data presented in table 5.6.1.2, it can be concluded that there is a close relationship between budget implementation and program realization, where in that year it shows significant levels of effectiveness, budget efficiency, while the percentage of main achievements of program implementation in 2022, shows similarities with levels of effectiveness, and efficiency.

## **VI. CONCLUSION AND RECOMMENDATION**

### **A. Conclusions**

Based on the results of the research and discussion, the following conclusions can be drawn:

1. The Effectiveness of the Budget for Administrative Expenditures of the Baucau District Authority from 2017 to 2021, according to ratio analysis, is relatively good. Only in 2017, the effectiveness level was less effective due to the financial utilization system being in its initial stages, resulting in a less favorable trial year. The analysis of budget effectiveness indicates that the average effectiveness of budget expenditure in the Administrative Authority of Baucau District is considered sufficient. This is because the realized budget expenditure significantly differs from the budget target that should be achieved. This difference is attributed to some activities not being implemented. However, looking at the realization targets, there has been progress in 2020 and 2021, thus considered effective, as both programmed activities have been realized and aligned with expectations.

2. Budget Expenditure Efficiency in the Administrative Authority of Baucau District from 2017 to 2021 tends to be quite good, as the results show that, on average, the budget in the Baucau District Authority is reasonably efficient. However, upon closer inspection of its development in 2020 and 2021, there appears to be a decrease, specifically at a less efficient level. Nevertheless, the overall average budget expenditure is considered sufficient to achieve maximum results.

3. Regarding the Performance Achievement of Program Planning, Sub-programs, and Activities, the data presented in Tables 5.18 and 5.19 suggest that from 2021 to 2022, there is a total of 14 programs, 17 sub-programs, and 29 activities. The budget implementation and program realization indicate no significant difference in effectiveness and efficiency levels for the year 2021, with an average program realization of 90%. In 2022, there are 11 programs, 25 sub-programs, and 59 activities, with a similar lack of significance in effectiveness and efficiency levels, showing an average program realization of 96%. Differences in program planning, sub-programs, and activities can be observed between the years 2021 and 2022.

### **B. Sugesstion**

Based on the description above, it can be concluded that the suggestions given to improve the effectiveness and efficiency of the expenditure budget at the Baucau District Authority Administration are:

1. Can further enhance effectiveness and efficiency in budget spending in the coming years, and it is recommended to improve budget levels in various categories to assess the annual budget that can be implemented. Increase supervision of employees regarding budget spending to ensure expenditures are organized according to the budget set for each running period.

2. To maintain the level of effectiveness and efficiency using the budget planning and implementation system, each allocation of resources in the budget system should be results-oriented and linked to the structural

outputs and strategic goals of the ministry. In this case, it is necessary to first establish the mission, vision, and objectives, then prioritize or rank its strategic goals and describe the budget in structured programs.

3. The finance department makes changes to the budget/environment, providing information to the finance ministry's ANAPMA section to update in the DbFT system due to changes in budget implementation and allocation. This ensures different results in the DbFT system and physical reports and corrects the username access system.

4. For future research, researchers suggest not only focusing on the level of budget effectiveness and efficiency but also focusing on the level of effectiveness and efficiency of the budget per annual work program. This approach allows for the analysis of output, outcome, and impact levels in various sectors and directorates within the administration of Baucau district.

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