

FINANCIAL PERFORMANCE ANALYSIS THROUGH VALUE FOR MONEY APPROACH IN THE NATIONAL AND POLITICAL UNIT AGENCY OF MAGETAN REGENCY

Ahmad Kudhori, Indwi Sinar Hardyanti
Madiun State Polytechnic

Abstract: This study aims to analyze financial performance through a value for money approach at the National Unity and Political Agency of Magetan Regency. The function of value for money serves as a bridge for local governments to achieve good governance. There are main elements as parameters, namely economy, efficiency, and effectiveness. This study uses descriptive analysis method with primary data sources from performance reports and budget realization reports for the National Unity and Political Affairs Agency of Nganjuk Regency, with data collection techniques in the form of interviews with employees who responsible for financial reporting and documentation studies. The results of the study show that the financial performance of the National Unity and Political Agency of Magetan Regency for the 2018–2020 fiscal year viewed from an economic measurement point of view is considered good, with the results of economic measurements being below the criterion figure, which is less than 100%. The results of the economic measurement for the 2018–2020 fiscal year show the numbers 88,90%, 90,16%, and 89,89%, respectively. Judging from the results of the efficiency measurement, the results showed that in 2018 it was 95,67%, in 2019 it was 101,09% and in 2020 it was 90,12%. This shows that in 2018 and 2020 it was categorized as efficient, while in 2019 it was categorized as less efficient. Judging from the results of the effectiveness measurement, 2018 and 2019 were ineffective at 87,61% and 89,15%, while in 2020 it was categorized as effective with a score of 100,12%.

Keyword: financial performance, value for money, budget, realization

INTRODUCTION

Performance in local government agencies is currently a concern with increasing public awareness of the implementation of public administration.

*Corresponding Author.
e-mail: akudhori@pnm.ac.id

Along with the development of an increasingly intelligent and critical public mind-set, local government agencies also demand transparency and accountability in public administration services. Law No. 22 of 1999 is now Law no. 32 of 2004 concerning Regional Government is used as the basis for administering government affairs which is divided based on the criteria of externality, accountability, and efficiency in creating good governance. This condition encourages the increasing need for performance measurement of local government agencies that are responsible for reporting accountability for activities carried out in the context of the welfare of the community in a transparent manner.

Financial performance is a measure of the financial management of the organization associated with the responsibility center. Ardila and Putri (2015:78) defined the financial performance of local governments as one of the important issues to be studied in public sector organizations including the government, the government is required to be able to produce good government financial performance regarding the implementation of performance-based budgeting. Kopong (2019:37) explained that the financial performance of local governments has a main goal, namely, to motivate employees in achieving organizational goals and in meeting predetermined behavioral standards in order to achieve desired results. In general, the purpose of performance measurement is to better communicate strategy and to measure financial and non-financial performance in a weighted manner so that the progress of strategy achievement can be tracked. Measuring efficiency in public sector organizations is important due to the lack of net income as an illustration of the current financial performance of local governments.

Mahmudi (2013) said that the performance measurement of public sector organizations is carried out to fulfil three purposes. First, to help improve government performance. Performance measures are intended to be able to help the government focus on the goals and objectives of the work unit program. This will ultimately increase the efficiency and effectiveness of public sector organizations in the delivery of public services. Second, public sector performance measures are used for resource allocation and decision making. Third, to realize public accountability and improve institutional communication.

Regional government financial performance indicators according to (Mahsun, 2012: 196) include: (1) Input indicators: everything needed for the implemen-

tation of activities to produce outputs. For example: the amount of funding needed, the number of employees needed, the amount of existing infrastructure, and the amount of time used. (2) Process Indicators: formulating activity measures, both in terms of speed, accuracy, and level of accuracy of activity implementation. For example: compliance with laws and regulations and the average required to produce goods or services. (3) Output indicators: something that is expected to be directly achieved from an activity which can be either physical or non-physical. For example: the number of products/services produced and the accuracy in producing goods/services. (4) Results Indicators: everything that reflects the functioning of the activity outputs in the medium term. For example: the level of quality of products and services produced and the productivity of employees. (5) Benefit Indicator: something related to the ultimate goal of implementing the activity. For example: the level of community satisfaction and the level of community participation. (6) Impact Indicators: the effects are both positive and negative. For example: increasing people's welfare and increasing people's income.

According to the Regulation of the Minister of Home Affairs Number 13 of 2006 concerning the Guidelines for Regional Financial Management and Regulation of the Minister of Home Affairs Number 21 of 2011 concerning the second Amendment to the Regulation of the Minister of Home Affairs Number 13 of 2006 concerning Guidelines for Regional Financial Management, there are three stages in regional financial management, namely the Planning Stage, Implementation Stage and Accountability Stage. Financial performance is one of the most important issues to be studied in public sector organizations including government and since the implementation of performance-based budgeting, all government bodies are required to be able to produce good government financial performance.

The high demands on the need for measuring local government financial performance have many purposes. The objective is at least to improve performance and increase local government accountability. For this, local governments are required to be able to build good performance measures. Performance measures that are compiled cannot only use one measurement. Therefore, the measurements need different sizes for different purposes.

Value for money according to Mahmudi (2013) is a performance measurement to measure the economy, efficiency, and effectiveness of an activity, program, and organization. Economical means obtaining inputs of a certain quality and quantity at the lowest price. Efficiency means the achievement of maximum output with certain inputs, while effectiveness means the level of achievement of program results with the set targets. The purpose of value for money is as a bridge to deliver local governments to achieve good governance. So, the value for money approach is needed as a support for regional financial management and regional funds. In order to support the implementation of public fund management based on the concept of value for money, a good regional financial and budget management system is needed.

The relationship between the input of resources by an organization with the resulting output describes an indicator of efficiency. Effectiveness is the relationship between output and goals or objectives to be achieved. Operational activities are said to be effective if the activity process reaches the goals and targets that have been set (spending wisely). The greater the contribution of the resulting output to the achievement of the goals and objectives specified, the more effective the work process of an organizational unit is. The level of achievement of programs or activities in government organizations can be seen through their financial performance. In the context of government organizations, public accountability is the provision of information to the public and other constituents who are stakeholders.

The research by Pratiwi & Ela (2017) stated that the economic measurement, efficiency, and effectiveness for the 2015-2016 period at BPKAD Blitar Regency showed an increase in economic measurement, was effective and efficient. In Khalikussabir's research (2017) on economic, efficiency, and effectiveness measurements for the 2014-2016 period at the Probolinggo District Public Works Office consisting of Cipta Karya, Bina Marga and Waters, it was found that Bina Marga occupies the highest economic value predicate for three years compared to Cipta Karya and Irrigation. Value for money analysis from the measurement of work effectiveness obtained an effective performance on Cipta Karya for two years, Bina Marga obtained the most effective performance in 2016, and Irrigation was not effective for all three years.

Hasibuan (2018: 53) in his research stated that the level of efficiency and effectiveness of financial management performance is still not good. The level of effectiveness for the period 2014 and 2015 showed ineffective results because the North Sumatra Provincial Transportation Service evaluated or lowered its budget target. The solution to this problem is that the North Sumatra Provincial Transportation Service must further reduce its operational costs so that the level of efficiency can be better. So, the amount of spending is not greater than the amount of income. In addition, to increase the level of effectiveness of the North Sumatra Provincial Transportation Service, it must increase its budget target again.

Enre (2020:92) stated that the financial performance of the Medan City Government based on the Value for Money ratio is not good, because the realization of the program as measured by the Value for Money ratio level during 2014-2018 has decreased every year. The solution is expecting the agency to pay more attention to the use of regional budgets that are not used optimally and pay attention to the use of excessive regional budgets to avoid wasting of funds exceeding the target that has been given to streamline the budget properly and become more efficient and appropriate in the use of funds provided by the state and there is no excessive use of funds to carry out its work programs. Agencies are also expected to increase the effectiveness of their services, so that with a large enough output it is expected to increase effectiveness, because the effectiveness of a program can increase if the community is satisfied with the services provided to them.

The National and Political Unity Agency (Bakesbangpol) of Magetan Regency is a local government organization that has a yearly program that must be accounted for its performance. Bakesbangpol has the main task of assisting the Regent in the administration of regional government in the field of national unity and politics. The National Unity and Politics Agency has programs that directly interact with the community. The measurement of the financial performance of the District Political and National Unity Agency only comes from internal agencies and is reported through the Government Agency Performance Report (LKjIP) on the Government Agency Accountability System (SAKIP). Therefore, the National Unity and Political Agency of Magetan Regency requires financial performance measurement from external parties to provide input as a perfor-

mance evaluation and increase public accountability in carrying out its operations related to public services. Therefore, this study aims to analyze the financial performance of Bakesbangpol Magetan district through a value for money approach.

METHOD

This study uses a descriptive analysis method, namely research that describes events and symptoms that are happening now with primary data sources taken from performance reports on the realization of the budget of the National Unity and Political Unity Agency of Nganjuk Regency, with data collection techniques in the form of interviews with employees who are responsible for financial reporting and documentation studies. Schematically, the concept of value for money used in this study is as follows:

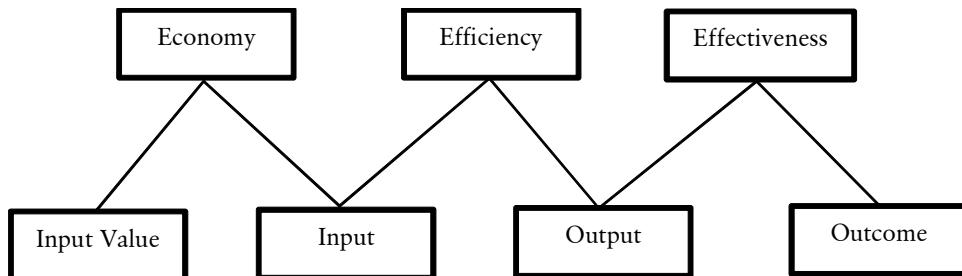


Figure 1 Value for Money Concept
Resources: Mardiasmo, 2018

The concept of value for money is divided into two indicator groups, namely indicators of cost allocation (economy and efficiency) and indicators of service quality (effectiveness). Economy means the purchase of goods and services with a certain level of quality at the best price (spending well), while effectiveness means the contribution of output to predetermined achievement (spending wisely).

There are four steps in measuring value for money:

1. Economic measurement

It is a relative measurement; economic measurement only considers the input used.

2. Efficiency measurement

Measured by the ratio between output and input. The greater the output compared to the input, the higher the level of efficiency of an organization.

3. Effectiveness measurement

Effectiveness is a measure of the success or failure of an organization to achieve its goals. If an organization succeeds in achieving its goals, then the organization is said to have been running effectively. The most important thing to note is that effectiveness does not say how much it costs to achieve these goals. Cost may exceed what has been budgeted, probably twice or even three times more than what was budgeted. Effectiveness only looks at whether a program or activity has achieved the stated goals.

4. Outcome measurement

Outcome is the impact of a program or activity on the community. Outcome is higher in value than output, because output only measures results without measuring their impact on society, while outcome measures the quality of output and the resulting impact. Outcome measurement has two roles, namely a retrospective role related to past performance appraisals and a prospective role related to planning performance in the future.

Data analysis uses the following formula:

$$\text{Economic} = \frac{\text{Input}}{\text{Input Value (Rp)}} \times 100\%$$

$$\text{Efficiency} = \frac{\text{Output}}{\text{Input}} \times 100\%$$

$$\text{Effectiveness} = \frac{\text{Outcome}}{\text{Output}} \times 100\%$$

RESULTS

The following is a value for money analysis that researchers carried out using three measurements at Bakesbangpol Magetan Regency.

1. Economic Measurement

Economic measurement considers the inputs used. Economic measurement requires budget data along with its realization. Mathematically, economic measurement compares the input with the input value.

Based on the agency performance report data and the budget realization report of the National Unity and Political Agency of Magetan Regency for the 2018 to 2020 fiscal year, the realization of the expenditure budget in 2018 amounted to Rp1.586.720.714, Rp1.841.992.341 in 2019, and Rp1.024.967.900 in 2020. Meanwhile, the budget for expenditures in 2018 amounted to Rp1.784.919.300, Rp2.042.950.000 in 2019, and Rp1.140.299.000 in 2020. The following is a recapitulation table of economic measurements in the fiscal year 2018 to the 2020 fiscal year.

Table 1 Economic Measurement Recapitulation

Year	Budget Realization (Input)	Budget (Input Value)	Economic	Criteria
2018	Rp 1.586.720.714	Rp 1.784.919.300	88,90%	Economical
2019	Rp 1.841.992.341	Rp 2.042.950.000	90,16%	Economical
2020	Rp 1.024.967.900	Rp 1.140.299.000	89,89%	Economical

2. Efficiency Measurement

Achievement of the maximum output with a certain input or the use of the lowest input to achieve a certain output. Efficiency is a comparison of output/input associated with performance standards or targets that have been set.

Based on government agency performance report data (LkjIP) of the National Unity and Political Agency of Magetan Regency for the 2018 to 2020 fiscal year, it is known that the percentage of budget achievements in 2018 was 83.82%, 90.13% in 2019, and 90.22% in 2020. While the performance achievements in 2018 were 87.61%, 89.15% in 2019, and 100.12% in 2020. The following is a recapitulation table of efficiency measurements in the 2018 budget year to the 2020 fiscal year.

Table 2 Efficiency Measurement Recapitulation

Year	Budget Achievement (<i>Output</i>)	Performance Achievement (<i>Input</i>)	Efficiency	Criteria
2018	83,82%	87,61%	95,67%	Efficient
2019	90,13%	89,15%	101,09%	Inefficient
2020	90,22%	100,12%	90,12%	Efficient

3. Effectiveness Measurement

Effectiveness is a measure of the success or failure of an organization to achieve its goals. If an organization succeeds in achieving its goals, then the organization is said to have been running effectively. The most important thing to note is that effectiveness does not say how much it has cost to achieve this goal.

Based on government agency performance report data (LkjIP) of the National Unity and Political Agency of Magetan Regency for the 2018 to 2020 fiscal year, it is known that the performance target for the 2018 to 2020 fiscal year is 100%. Meanwhile, the realization of performance in 2018 was 87.61%, 89.15% in 2019, and 100.12% in 2020. The following is a recapitulation table of effectiveness measurements in the 2018 to 2020 fiscal year.

Table 3 Effectiveness Measurement Recapitulation

Year	Performance Targets (<i>Output</i>)	Performance Realization (<i>Outcome</i>)	Effectiveness	Criteria
2018	100%	87,61%	87,61%	ineffective
2019	100%	89,15%	89,15%	ineffective
2020	100%	100,12%	100,12%	Effective

DISCUSSION

1. Economic Measurement

Based on table 1 above, the financial performance of the National Unity and Political Agency of Magetan Regency through economic measurements in the 2018 fiscal year can be categorized as economic because the results of economic

measurements show a figure of 88.90% which is less than 100%, this figure reflects that the agency can minimize input resources used. In addition, the percentage of economic measurement results in 2018 show that agencies can avoid wasteful and unproductive spending from 17 (seventeen) programs or activities in 9 (nine) strategic targets that have been implemented.

In the 2019 fiscal year, the economic measurement results were 90.16%, which means there was an increase in the use of the budget in 13 (thirteen) programs or activities of the 6 (six) strategic targets of the National Unity and Political Agency of Magetan Regency compared to the previous year, but still within economic criteria because the amount of budget realization is still less than the total budget expenditure (input value).

While in the 2020 budget year, the National Unity and Political Agency of Magetan Regency saved on the use of its budget by showing the results of economic measurements of 89.89% of 9 (nine) programs/activities in 6 (six) strategic targets that have been implemented. This figure is lower than in 2019, which is still included in the economic criteria.

2. Efficiency Measurement

Based on Table 2 above, the financial performance of the National Unity and Political Agency of Magetan Regency through efficiency measurements in the 2018 fiscal year has been carried out efficiently, this can be seen in the results of the 95.67% efficiency measurement which is less than 100%. The results of the efficiency measurement for the 2018 fiscal year are included in the efficient criteria although there are 3 (three) of the 17 (seventeen) programs or activities included in the inefficient criteria because they cannot meet the performance targets.

The results of the efficiency measurement in the 2019 fiscal year are 101.09% and are included in the inefficient because the percentage is less than 100%. The cause of the inefficiency is that 5 (five) of the 13 (thirteen) programs or activities cannot meet the performance targets. In addition, higher budget absorption compared to performance achievement is one of the factors causing the inefficient financial performance of the National Unity and Political Agency of Magetan Regency in the 2019 fiscal year.

Fiscal Year 2020 based on efficiency measurements is the year that can meet the most efficient criteria compared to the two previous budget years (2018 and 2019), namely the percentage value reaching 90.12%. There are fewer programs or activities in the 2020 fiscal year than the past budget year and 6 (six) of the 9 (nine) programs or activities were carried out according to the specified targets, so that the financial performance of the National Unity and Political Agency of Magetan Regency in the 2020 fiscal year is included in the efficient criteria.

3. Effectiveness Measurement

Based on Table 3 above, it can be seen that the financial performance of the National Unity and Political Agency of Magetan Regency through the measurement of effectiveness in 2018 obtained a percentage of 87.81% and is included in the ineffective criteria because the percentage is less than 100%. In accordance with the effectiveness measurement that has been carried out, it is known that there are no effective programs or activities, 4 (four) programs or activities are included in the ineffective criteria and 13 (thirteen) programs or activities have balanced effective criteria. Programs or activities dominated by balanced effective criteria indicate that the National Unity and Political Agency of Magetan Regency in carrying out its operations focuses on achieving the set performance target limits, not on maximizing the achievement of outcomes on performance indicators through 17 targeted programs or activities.

The results of the measurement of effectiveness in the 2019 fiscal year were 89.15% and included in the ineffective criteria, even though this percentage had increased compared to the 2018 budget year, it still could not reach the effective criteria. Of the 13 (thirteen) targeted programs or activities, there are 4 (four) effective programs or activities that reflect that the National Unity and Political Agency of Magetan Regency is trying to improve the effectiveness of its performance.

In the 2020 fiscal year, the performance of the National Unity and Political Agency of Magetan Regency can meet the effective criteria with the results of measuring the effectiveness reaching 100.12% which is more than 100%. In 9 (nine) targeted programs or activities, 3 (three) programs meet the criteria for effectiveness and 5 (five) programs or activities are ineffective. The number of

ineffective programs or activities can be closed with other programs or activities that focus on achieving maximum outcomes from performance indicators that exceed the performance targets that have been set.

Conclusion

The financial performance of Bakesbangpol of Magetan Regency from 2018 to 2020 in terms of economic measurement is considered good, in terms of efficiency measurement it is considered to be on average good, while in terms of effectiveness measurement is considered to be on average not good. So, it is recommended to take steps to improve the level of efficiency, namely by reducing operational costs so that the budget achievement is not greater than the performance achievement. Meanwhile, steps that can be taken to improve the level of effectiveness are by increasing the realization of performance in each program or activity in accordance with its performance indicators. Therefore, that Bakesbangpol of Magetan Regency can further improve the effectiveness of services to the community and achieve public accountability.

REFERENCES

Ardila & Putri. (2015). Analisis Kinerja Keuangan dengan Pendekatan Value For Money pada Pengadilan Negeri Tebing Tinggi. *Jurnal Riset Akuntansi dan Bisnis*, 15(1), 78–85.

Enre, Debby Tamara. (2020). *Analisis Value for Money Anggaran Pendapatan pada Pemerintah Kota Medan*. Skripsi: Universitas Islam Negeri Sumatera Utara.

Hasibuan, Devi. (2017). *Analisis Kinerja Keuangan Melalui Pendekatan Value for Money pada Dinas Perhubungan Provinsi Sumatera Utara*. Skripsi: Universitas Sumatera Utara.

Khalikussabir. (2017). Analisa Kinerja Keuangan Berdasarkan Value For Money (Studi Kasus pada Dinas PU Pengairan, PU Binamarga, & PU Cipta Karya Kabupaten Probolinggo). *Jurnal Riset Manajemen*, 16 (3), 1–22.

Kopong, Lusiana. (2019). Analisis Perbandingan Kinerja Keuangan Pemerintah Daerah Tahun Anggaran 2012–2016 (Studi pada Empat Kabupaten

Pemekaran Provinsi Sulawesi Utara), *Jurnal Riset Bisnis dan Manajemen*, 7 (1).

Mahmudi. (2013). *Manajemen Kinerja Sektor Publik*. Edisi Kedua. Yogyakarta: Sekolah Tinggi Ilmu Manajemen YKPN.

Mahsun. (2013). *Pengukuran Kinerja Sektor Publik: suatu Pengantar*. Yogyakarta: BPFE.

Mardiasmo. (2018). *Akuntansi Sektor Publik*. Yogyakarta: Andi.

Peraturan Menteri Dalam Negeri Nomor 13 Tahun 2006 tentang Pedoman Pengelolaan Keuangan Daerah.

Peraturan Menteri Dalam Negeri Nomor 21 Tahun 2011 tentang Perubahan kedua dari Peraturan Menteri Dalam Negeri Nomor 13 Tahun 2006 tentang Pedoman Pengelolaan Keuangan Daerah.

Peraturan Menteri Pendayagunaan Aparatur Negara dan Reformasi Birokrasi Republik Indonesia Nomor 53 Tahun 2014 tentang Petunjuk Teknis Perjanjian Kinerja, Pelaporan Kinerja, dan Tata Cara Reviu atas Laporan Kinerja Instansi Pemerintah.

Peraturan Pemerintah Nomor 71 Tahun 2010 tentang Standar Akuntansi Pemerintahan.

Peraturan Presiden Nomor 29 Tahun 2014 tentang Sistem Akuntabilitas Kinerja Instansi Pemerintah.

Pratiwi A.I. & Ela N. (2017). Analisis Pengukuran Kinerja Value for Money pada Badan Pengelola Keuangan dan Aset Daerah Kabupaten Blitar. *Jurnal Vok@sindo*, 5(2), 10–20.

Undang-Undang Nomor 23 Tahun 2014 tentang Pemerintah Daerah.

Undang-Undang Nomor 32 Tahun 2004 tentang Pemerintah Daerah.

