

## Value for Money-Based Village Revenue and Expenditure Budget Performance Analysis in Katiku Tana District, Central Sumba Regency



Sisilia Ayu Rambu Luba<sup>1</sup>, Harmono<sup>2</sup>, Sari Yuniarti<sup>3</sup>

<sup>1</sup>Student of Postgraduate Magister Management, University of Merdeka Malang, Indonesia

<sup>2,3</sup>Postgraduate program, University of Merdeka Malang, Indonesia

**ABSTRACT:** This research uses the Value for Money measurement concept to assess the financial performance of villages in the Katiku Tana sub-district, Central Sumba Regency. The researcher used a descriptive quantitative approach with a case study research type to measure and analyze the measurement results in the APBDes Realization report in seven villages in Katiku Tana District, Central Sumba Regency in 2018, 2019, 2020, 2021, 2022, and 2023, which were reviewed from an economic, efficiency, and effectiveness. The data used is secondary data in the form of the 2018 to 2022 APBDes Realization Report and primary data in the form of interview observations. Data analysis techniques use 1) data reduction, 2) data presentation, 3) conclusion. The research results show that the financial performance of seven villages in Katiku Tana District, Central Sumba Regency, from 2018 to 2023 is in the economic category.

Regarding efficiency, 2019 to 2023 shows inefficient results, while 2018 shows efficiency. In terms of effectiveness, 2018, 2019, 2020, 2021, 2022 and 2023 show effectiveness results. This research concludes that there is efficiency in controlling spending, so it can be a consideration for villages in Katiku Tana District, Central Sumba Regency, to reduce shopping activities while increasing the village's original income by exploring and developing its potential.

**KEYWORDS:** Performance, Value for Money, Economy, Efficiency, Effectiveness

### I. INTRODUCTION

Regional development is an integral aspect of national development, which cannot be separated from several principles of regional autonomy. Generally, the principle of regional autonomy occurs in village government, where the village government will need a source of income managed by the Village Revenue and Expenditure Budget (APBDes). APBDes is an annual village financial plan approved by the village government and BPD (Village Consultative Body) and stipulated in Village regulations (Mamesah, 2014). It is known that a region has several authorities and responsibilities to carry out community interests based on several principles, including participation or participation, openness, and responsibility. Several of these principles encourage the implementation of regional autonomy to improve performance in district and city governments (Hastari & Wardany, 2023). The responsibility referred to is the responsibility of the village government to manage the village budget in accordance with applicable regulations. The obstacles that villages often complain about are regarding budget management so that it can be more economical, effective, and efficient. Generally, the planning, implementation, administration, reporting, and accountability stages do not correspond to the actual situation (Mondale et al., 2017).

Based on Nordiawan's explanation (2006), the village government needs to be transparent in conveying real information to all village communities so that they can understand and trust the government's responsibility in managing the APBDes. Provinces, districts/cities, and villages are part of autonomous regions from top to bottom (Chalu & Kessy, 2011; Apridiyanti et al., 2020). Autonomous regions have special authority to regulate and take responsibility for their own household affairs (Hastari & Wardany, 2023).

In Indonesia, the village government is a government unit with the authority to regulate and manage community interests based on local norms and customs (Basri et al., 2020). Based on Minister of Home Affairs Regulation Number 113 of 2014, the regulation states that village financial management is all activities that include planning, implementation, administration, reporting, and accountability of village finances. The village government is considered capable of prioritizing the needs of its

## Value for Money-Based Village Revenue and Expenditure Budget Performance Analysis in Katiku Tana District, Central Sumba Regency

community compared to the district government, which, of course, has a broader and more complex range of problems (Rosalinda, 2014). Thus, it is natural that village development is a top priority in all strategic plans and development policies in Indonesia (Sofiyanto et al., 2016). It is a form of state recognition of villages, especially to emphasize the function and authority and strengthen the existence of villages. Village communities, as the main actors in the development process, require policies and regulations related to villages. Therefore, Law No. 6 of 2014 concerning Villages is accompanied by Government Regulation No. 43 concerning implementing regulations and Minister of Home Affairs Regulation No. 20 of 2018 concerning village financial management, which regulates the management of village funds. Based on research that has been conducted in several regions, the use of the Value for Money approach is considered to have efficient and effective value (Dewi & Suartana, 2018; Umami & Widodo, 2021).

Value for Money is a management concept for public sector organizations based on three main aspects, namely 1) economics, 2) efficiency, and 3) effectiveness. An adequate performance-based budget will show the link between Value for Money and results and can clarify how this link occurs, which is critical to effective program management. If there is a discrepancy between the plan and evaluation, input sources can be evaluated and linked to the output/results achieved to determine the effectiveness and efficiency of program implementation (Friyani & Hernando, 2019; Strangfeldova & Stefanisnina, 2020). In short, the concept of Value for Money is value for money. Achieving this performance must generate as much money as possible with the Value for Money concept for society. Value for Money can be achieved if the organization incurs minimal input costs to obtain optimal output costs in achieving an organizational goal. Value for Money can increase public sector accountability and performance (Herawati, 2012). The Value for Money approach is a concept in public sector accounting that implies an appreciation of the value of money. Value for Money performance assessment is done by assessing the economics, efficiency, and effectiveness of an activity, program, and organization (Mahmud, 2015).

Umara, Deviyanti, and Sari (2018) in this research show that the program for the development, utilization, and maintenance of village environmental infrastructure based on the value of money in Sawit Jaya Village, Long Ikis District, Paser Regency for the period 2016 and 2017 has been able to be implemented quite economically, efficiently and effectively. Meanwhile, Sari (2014), using the Value for Money approach, calculated the budget and budget realization from financial data for Sumenep Regency for 2010-2013. The results show that ratio calculations from year to year tend to be in the economical, efficient, and effective categories.

Related to performance measurement, especially economic measurement, efficiency, and effectiveness (Value for Money). Value for Money in the context of regional autonomy is a bridge for regional and village governments to achieve good governance. A good regional financial and budget management system is needed to support the management of public funds based on the Value for Money concept. This can be realized with a good accounting system too. Thus, after understanding the above description, the researcher wants to conduct a value analysis of money-based APBDs performance in Katiku Tana District, Central Sumba Regency.

## II. LITERATURE REVIEW

### a. Performance

Indrasari (2017) stated that performance is the work result that can be achieved by a person or group of people in an organization to achieve organizational goals in a certain time period. Armstrong and Wibowo, (2007) stated that performance results from work that has a strong relationship with the organization's strategic goals and customer satisfaction and contributes to the economy. Performance is about doing work and the results achieved, as well as what is done and how to do it. Performance can also be defined as the results of a person's work and achievement in an organization in achieving goals or vision and mission. The things that the organization wants to achieve will be included in the formulation of strategic planning. In other words, performance is referred to as achievements by an organization achieved in a certain period. The organization's performance achievement level will be known if performance indicators are developed based on the success of identifying a key variable in the work unit. The performance indicators will then be compared with the set targets (Halim, 2014: 128).

### b. Value for Money

Value for Money is the core of performance measurement in government organizations. Government performance cannot be assessed from the output produced alone; input, output, and outcome must be considered together. According to the University of Cambridge, the Higher Education Council of England (HEFCE) funding describes value for money (Value for Money) as a term used to assess whether an organization has obtained maximum benefit from good goods and services within its available resources.

## Value for Money-Based Village Revenue and Expenditure Budget Performance Analysis in Katiku Tana District, Central Sumba Regency

Value for Money is a concept managed based on three main components: economics, efficiency, and effectiveness. Economics compares input in the form of input with input value in monetary units. Economy is often called input obtained with quality and quantity using the lowest price. The efficiency element is the maximum output achieved with the lowest possible input to achieve a certain output. In simple terms, efficiency compares output with input related to predetermined performance targets. Meanwhile, effectiveness is the level of program results achieved based on the specified targets. In simple terms, effectiveness is comparing outcomes with output. The main criteria underlying the implementation of public management are economy, efficiency, effectiveness, transparency, and public accountability. The goals desired by society include accountability regarding the implementation of Value for Money, namely: economy (careful savings), in the procurement and allocation of resources, efficiency (effectiveness) in the use of resources in the sense that their use is minimized and the results are maximized (maximizing benefits and minimizing costs), and practical (effective) in the sense of achieving goals and objectives.

### III. METHODS

This research uses a positive paradigm as a line of thought that uses deductive reasoning and quantitative methods to obtain the truth. The secondary data used in this research is the Village Revenue and Expenditure Budget (APBDes) realization report for 2018-2022. The sample used in this research is the Village Revenue and Expenditure Budget (APBDesa) financial report in Katiku Tana District, Central Sumba Regency for 2018-2022.

### IV. RESULTS AND DISCUSSION

#### a. Economical

The results of the research analysis related to fluctuations in the value of economic ratios in Katiku Tana District, Central Sumba Regency, occurred as a result of the expenditure budget not only being allocated to finance the areas of Village government administration, implementation of village development, community development, and community empowerment but also allocated for overcoming the Covid-19 pandemic. Such as providing medicine boxes, spraying disinfectant, and distributing BLT to help the economy of communities affected by the COVID-19 pandemic. Apart from that, the non-realization of several activities also affects the amount of actual expenditure, so the expenditure budget is higher than the actual expenditure budget. These results support the economic level mentioned by Mahmudi (2016), who states that a public sector organization's performance can be economical when actual expenditure is smaller than the expenditure budget. Meanwhile, Mahsun (2013) said that if the resources spent are below the budget, then observation occurs, whereas on the contrary, if it is above the budget, then waste occurs. This research is in line with research (Bayuwono et al., 2022), where the Keputran Village government was able to reduce the realization of expenditure even though the budget was not only used to fulfill various fields but also allocated for dealing with the Covid-19 pandemic. In contrast, research conducted by (Maryanti and Munandar, 2021) on the Surabaya city government showed that its financial performance still needs to improve to maintain its economic level, so there are fewer savings in the budget.

#### b. Efficiency

The realization of expenditure has more SILPA than the previous fiscal year, and the obstacles include the village government's delay in completing the SPJ (Letter of Accountability) for previous activities or the planning documents that still need to be completed. There is a significant price difference between the actual planning and the market, so the SILPA is used to finance Spending activities in the next fiscal year. Spending activities in 2020 will be allocated more for COVID-19 prevention activities, distribution of BLT, spraying disinfectants, and building livable houses, fish ponds, wells, etc. Then, the increase in spending in the following year was caused by the COVID-19 pandemic; the spending budget was not allocated to the health sector alone but to the physical development sector. Mahsun (2013) said that public sector organizations' financial performance is efficient when realized income is higher than realized expenditure. Based on the results of measuring the economic performance of villages in Katiku Tana District, Central Sumba Regency, it was discovered that apart from the budget allocated for dealing with the Covid-19 pandemic, villages in Katiku Tana District, Central Sumba Regency also carried out several developments. These results align with research conducted by Seran (2021), where the financial performance of Subun Bestobe Village has yet to reduce the use of the development budget.

#### c. Effectiveness

Village Effectiveness in Katiku Tana District, Central Sumba Regency. The effective category is an expression from Masuri (2014). Effectiveness, in this case, is assessed by how well the work carried out or done is assessed and how far people are able, in this case, to provide output results that are aligned with what was planned or hoped at the beginning. This means

## Value for Money-Based Village Revenue and Expenditure Budget Performance Analysis in Katiku Tana District, Central Sumba Regency

that when a job can be done and then completed with good planning, which includes aspects in terms of time, cost, and quality, it can be considered aligned effectively. One of the programs in seven villages in Katiku Tana District, Central Sumba Regency, is habitable houses that must meet building safety requirements for low-income people. This means that the village government in Katiku Tana District, Central Sumba Regency, has realized its income as planned. In this case, the level of effectiveness of the APBDes can have an impact on the level of success, which in this case is carried out by the Village government in Katiku Tana District, Central Sumba Regency, in carrying out village income and expenditure management activities and optimizing whatever needs are needed in this case. by the community. Mahmudi (2016) said it measures the success of an organization, program, or activity in achieving its stated goals. Meanwhile, Mahsun (2013) said that effectiveness needs to indicate the significant costs incurred in achieving this goal. From the results of the analysis, the village government in Katiku Tana District has effectively carried out various activities or programs to achieve organizational goals (Good Government). This concept refers to the decision-making process and its implementation, which can be jointly accounted for as a consensus reached by the government, citizens, and the private sector for government administration in a country.

Good government governance is based on the principles of good government governance, characterized by increased regional independence, transparency, and public accountability, the regional government that is increasingly responsive to the community, increased public participation in regional development, and increased efficiency and effectiveness: financial management, public services, and increasing democratization in the regions. Applying the value for money concept is necessary for managing regional finances to prevent leaks of public funds. APBDes must be managed economically, efficiently, and effectively. Government agencies must carry out general government and development tasks properly and correctly to realize good government governance, which is based on applicable laws and regulations, transparent and accountable policies, and applies the value for money (economy, efficiency, and effectiveness). The concept of value for money is only one of the principles of good governance. The other principles are participation, accountability, transparency, responsiveness, justice, orientation to the people's interests, forward-looking and law enforcement.

The aim of Good Governance, according to Kurniawan (2005:12), is as follows: "To realize the implementation of solid and responsible state government, as well as efficiency and effectiveness by maintaining the synergy of constructive interactions between the domains of the state, the private sector and society." Villages that achieve the target will be given awards in the form of Performance Allocation Funds; in this case, there are 3 (three) villages, including Makata Keri Village, Kabela Wuntu Village, and Dewa Jara Village, are exemplary villages in planning, implementation, accountability, and reporting on time, on target and effectively. The funds provided by the government as a form of appreciation to these three villages amount to 139 million. The hope is that having exemplary employees will motivate other villages and make examples of prosperous villages.

## V. CONCLUSIONS

Based on the results obtained from the description of the discussion above, it can be concluded that the following things include:

- a. Economical; Using the Village Income and Expenditure Budget, seven villages in the Katiku Tana subdistrict, Central Sumba Regency, carried out activities economically for the 2018-2022 fiscal year. This shows that the Village government in the Katiku Tana subdistrict, Central Sumba Regency, can manage the existing budget economically.
- b. The efficient use of the village income and expenditure budget can be seen from the fact that these seven villages are still in the less efficient category in realizing the Village Income and Expenditure Budget with an average of 90% and above. This was also due to the COVID-19 pandemic, so the budget was refocused on handling COVID-19 so that it was categorized as less efficient. The seven villages also experienced a surplus where expenditure was greater than income due to *Silpa* in previous years.
- c. The effectiveness of the Village Revenue and Expenditure Budget in Katiku Tana District, Central Sumba Regency, for the 2018-2022 fiscal year shows that the seven villages in Katiku Tana District are able to realize their income, which has been planned in the Village Revenue and Expenditure Budget properly. This condition arises because the level of ability to absorb the budget has an average ratio value above 100%, which is a very effective criterion.

## Value for Money-Based Village Revenue and Expenditure Budget Performance Analysis in Katiku Tana District, Central Sumba Regency

### REFERENCES

- 1) Basri, Y. M., Riarni, F., Azlina, N., & Indrapraja, M. H. D. 2020. Factors That Influence Whistleblowing Intentions Village Government Official. *Jurnal Riset Akuntansi Kontemporer*, 12(2),87–93. <https://doi.org/10.23969/jrak.v12i2.3125>
- 2) Bayuwono, V. B., Sinaga, I., & Palma, V. A. (2022). Analisa transparansi APBDdes sebelum dan saat pandemi. *JRAK: Jurnal Riset Akuntansi Dan Bisnis*, 8(1), 80–88. <https://doi.org/10.38204/jrak.v8i1.678>.
- 3) Chalu, H., &Kessy,S.S.A. 2011. Accounting Information Systems And Governance Issues In Local Government Authorities in Tanzania. *Business Management Review*,15(January),36–63. <http://journals.udsm.ac.tz/index.php/bmr/article/view/14>
- 4) D. Nordiawan. 2006. Akuntansi Sektor Publik. Jakarta.
- 5) Dewi, Ida A.D.K & Suartana, I Wayan. 2018. Penilaian Kinerja Berbasis Value for Money dan Sistem Online Penerimaan Pendapatan Asli Daerah Kabupaten Badung. *E-jurnal Akuntansi Universitas Udayana*. Vol.22.2 ISSN: 2302-8556. DOI: <https://doi.org/10.24843/EJA.2018.v22.i02.p17>
- 6) F. Y. Mamesah. 2014. Peranan Badan Permusyawaratan Desa Dalam Penyusunan Anggaran Pendapatan dan Belanja Desa.
- 7) Friyani R, and Hernando, R. 2019. Determinants of the Effectiveness of Implementation Performance Based-Budgeting and Budget Absorption in Local Governments.” *Sriwijaya International Journal of Dynamic Economics and Business*. 3(3): 214-216. 22. Strangfeldova, J, and Stefanisniva, N. 2020. “Value for Money in Organizations Providing Public Education Services and How to MeasureIt.” *Journal NaseGospodarstvo/Our Economy* 66(2): 63-70
- 8) Hastari,I & Wardany, S. 2023. Analisis Efektivitas Dan Efisiensi Pelaksanaan Anggaran Pendapatan Dan Belanja Desa (Studi Kasus Di Desa Pematang Setrak Kecamatan Teluk Mengkudu Kabupaten Serdang Bedagai). Vol. 4 No. 1. ISSN. 2686-6064.
- 9) Mahmudi. 2015. Manajemen Kinerja Sektor Publik. Edisi Kedua. Yogyakarta: UPP STIM YKPN.
- 10) Mahmudi. (2016). Analisis Laporan Keuangan Pemerintah Daerah. UPP STIM YKPN. Mahsun. (2015). Akuntansi Sektor Publik (3rd ed.). BPFE Yogyakarta.
- 11) Mahsun., dkk. (2013). Akuntansi Sektor Publik. Edisi ketiga. Yogyakarta: BPFE-Yogyakarta.
- 12) Maryanti, C. S., & Munandar, A. (2021). Analisis Value For Money Untuk Mengukur Kinerja Keuangan Pemerintah Daerah Kota Surabaya Tahun Anggaran 2015-2019.
- 13) Pemandagri Nomor 113 Tahun 2014. Tentang Pengelolaan Keuangan Desa.
- 14) Pujiastuti, T dan Yulianto. 2016. Good governance Pengelolaan keuangan desa menyongsong berlakunya Undang-undang No. 6 tahun 2014. *Jurnal Akuntansi dan Keuangan Indonesia*. Vol. 1 2016 hal 1-11.
- 15) Seran, M. S. B. (2021). Value For Money : Suatu Analisis Pengaruh Kinerja Pemerintah Desa terhadap Pengelolaan Keuangan Desa pada Desa Subun Bestobe. *Transparansi : Jurnal Ilmiah Ilmu Administrasi*, 4(1), 94–101. <https://ojs.stiami.ac.id/index.php/transparansi/article/view/1610/817>.
- 16) Sululing, S., Ode, H., & Sono, M. G. (2019). Model Pengelolaan Keuangan Desa. *Ganaya : Jurnal Ilmu Sosial Dan Humaniora*, 2(1), 27–48.
- 17) T. F. Mondale, A. Aliamin, and H. Fahlevi, “Analisis Problematika Pengelolaan Keuangan Desa (Studi Perbandingan pada Desa Blang Kolak I dan Desa Blang Kolak II, Kabupaten Aceh Tengah),” *J. Perspekt. Ekon. Darussalam*, vol. 3, no. 2, pp. 196–212, 2017, doi:10.24815/ jped.d3i2.8231.
- 18) Umami, Devi Riza & Widodo, H. 2021. Accounting Treatment In Increasing Accountability And Transparency Of Budget Management With The Concept Of Value for Money.*Academia Open*.Vol5.DOI: 10.21070/acopen.5.2021.2192.



There is an Open Access article, distributed under the term of the Creative Commons Attribution – Non Commercial 4.0 International (CC BY-NC 4.0) (<https://creativecommons.org/licenses/by-nc/4.0/>), which permits remixing, adapting and building upon the work for non-commercial use, provided the original work is properly cited.