

**SHOPPING PERFORMANCE ANALYSIS IN THE REPORT OF
BUDGET REALIZATION BEFORE AND DURING PANDEMIC AT
THE SOCIAL SERVICES OF MAGELANG CITY**

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Abstract

The Budget Realization Report (LRA) published by local governments provides very useful information for assessing regional financial performance. LRA is one of the most important regional financial accountability reports. Based on the LRA, the reader of the report can analyze the performance of financial statements in the form of income analysis, expenditure analysis and financing analysis. The objective of this study was to determine and analyze the performance of spending in the budget realization report (LRA) of the Magelang City Social Service. The analytical methods used are: analysis of spending variance, analysis of spending growth, analysis of shopping compatibility and analysis of spending efficiency. Based on the results of the analysis that has been carried out, it can be concluded the proposed hypothesis is rejected because spending performance declined in 2020, which is as evidenced by 1) in 2020 the number budget of 3.583.423.000 and realization of expenditure of 3.339.361.981 decreased in 2019 with a budget of 6.275.307.000 and its realization 5.599.423.671; 2) the variance of spending in 2020 is lower than in 2019; and 3) spending growth ratio in 2020 decreased by 6.8108347521.

Keywords: *Accountability Report, Budget Realization Report (LRA), Shopping Performance, Regional Revenue and Expenditure Budget*

1. INTRODUCTION

Financial statements are arranged to provide important data regarding the financial position and all transactions carried out by the substance of the reporting in a reporting period. Financial statements are basically used to compare the realization of revenues, expenditures, exchanges, and financing with a predetermined budget, survey, and assess the condition of the budget, effectiveness and efficiency of a group of entities detailing and offering decision assistance and legal arrangements (Abdul et al., 2010; Palilingan et al., 2015). In connection with changes in the field of State finance, it is very important to make changes in various fields to support changes in the field of State finance to run well (Al Makka, 2015; Bastian, 2010).

One of the significant changes is the change in government accounting because the accounting process will produce a variety of financial information that is available to various parties which will later be used according to their respective objectives (Rukayah et al., 2017). The preparation of financial reports is guided by actual government accounting standards, which are centered on the increasing quantity of financial statements, which is an effort to increase credibility and later in turn will realize transparency and accountability in managing local government finances so that a very good government will be achieved (Anbumozhi et al., 2022; Juliasari & Rizal, 2021; Raissa & Fatimah, 2022).

Real efforts in realizing accountability and transparency in the government environment are required in every state financial management to be able to submit financial processing accountability reports with a very wide range and on time. As in Law Number 17 of 2003 concerning state finances emphasizes the implementation of APBD, where regional heads are required to submit a draft regional regulation on accountability for implementing Regional Revenue and Expenditure Budget (hereinafter referred to as APBD) to House of Representative (DPRD) in the form of financial reports based on government regulation number 71 of 2010 in the form of reports on budget realization, cash flow reports, balance sheets, reports of changes in equity, operational reports, reports of changes in excess budget balances and notes on financial statements.

The Budget Realization Report (hereinafter referred to as LRA) announced by the regional government provides information that has high benefits in assessing regional financial performance. When compared to the balance sheet, the LRA occupies a more important position. This LRA is defined as the type of regional financial report that is first produced before making a balance sheet, operational report and cash flow report (Subhan, 2017; Sukmasari, 2012).

The budget in the government is mentioned as the backbone in the implementation and development of local government. The budget has a very important role because it is used as a stabilization tool, allocation of public resources, distribution, performance appraisal and organizational control planning. Therefore, the LRA is used as one of the regional financial accountability reports that have the most important value. Based on the LRA, the reader of the report can be used as a maker of financial report performance analysis in the form of expenditure analysis, financing analysis and income analysis.

The Magelang City Social Service requires that in submitting a financial accountability report to assess whether the budget at the Magelang City Social Service Office implements budget efficiency, avoids unnecessary and inappropriate spending.

Accountability for each activity is not enough with an oral report, but is supported by a written financial report. In this case the accountability report by the Magelang City Social Service is stated in the LRA which is carried out regularly every year. With the LRA, a written accountability report on the financial performance that has been achieved, the report is presented in a timely and reliable manner, meanwhile, it needs to be accompanied by adequate disclosure of information that influences policy making.

Spending in the LRA of the Magelang City Social Service is the main component that gets an overview of how the financial performance has been implemented. The regional expenditure reflects the policy in generating income which is something that is more difficult than spending it. Due to the relatively easy nature of spending and prone to inefficiency and leakage, planning, monitoring and controlling regional spending is very important. After being spent and reported in the LRA, an analysis of this expenditure must also be carried out to be used as a basis for evaluation, correction and improvement in the future.

The purpose of the study was to determine the spending performance on the budget realization report changed before the pandemic at the Magelang City Social Service and the spending performance in the budget realization report that changed during the pandemic at the Magelang city social service.

2. LITERATURE REVIEW

2.1. Government Accounting

In Harahap (2003), the American Institute of Certified Public Accounting (AICPA) explains accounting by definition accounting is the art of recording, summarizing, classifying by certain methods and in monetary terms, transactions and events in general of a financial nature and including interpreting the results thereof. Meanwhile, Halim & Kusufi (2012) provide an understanding of accounting, which is a service activity. Its function is to provide quantitative information, especially financial in nature, about economic units that are useful in making economic decisions in making logical choices among alternative courses of action.

According to Langenderfer & Miyazaki (2019) accounting is a measurement system and communication system to provide economic and social information on an entity that can be defined so as to enable users to make judgments and decisions regarding the optimal allocation of resources and the level of achievement of organizational goals.

Based on the above definition, it can be concluded that accounting information is expected to be used as a basis for making economic decisions by recording, classifying and summarizing transactions of a financial nature in the form of financial statements and reporting these economic transactions to interested parties.

2.2. Shopping Accounting

Halim & Kusufi (2012) define expenditure on a cash basis as all expenditures by the state/regional general treasury that reduce the equity of short-term funds in the period of the fiscal year concerned which will not be repaid by the government. Meanwhile, according to the accrual basis, expenditure is a government obligation that is recognized as a deduction from net worth.

2.3. Regional Expenditure

Regional expenditures are all regional obligations which are recognized as expenditures for the value of net assets and the period of the relevant fiscal year. Based on the Ministry of Home Affairs Minister No. 29 of 2002, spending is divided into: a. regional apparatus shopping; b. public service spending; c. Expenditures for profit sharing and financial assistance and d. Unsuspected shopping

Each expenditure includes general administration expenditure, operation and maintenance expenditure and capital expenditure. Unsuspected expenditures are budgeted for other expenditures that are indispensable in the context of administering the authority of local governments, namely:

1. Expenditures that are urgently needed for the provision of facilities and infrastructure directly with public services, whose budget is not available in the relevant fiscal year
2. Returns on excess receipts that occurred in the closed fiscal year supported by valid evidence.

3. RESEARCH METHODS

3.1. Types and Sources of Research Data

The data used in this research is quantitative data. Quantitative data is data in the form of numbers obtained from the calculation of research variables. The secondary data

used is in the form of the Magelang City Budget Realization Report before and during the pandemic. Data received from a person or entity that issued it is called secondary data.

3.2. Data collection technique

The documentation method is used to obtain research data, especially by collecting relevant supporting research for research. Documents are historical records of events that have occurred. In this research, the documents used were obtained from the website of the Magelang City Social Service.

3.3. Data analysis technique

The descriptive quantitative approach that is used to test the data in this research uses an analytical tool used to determine the expenditure performance of the Magelang City Social Service:

1. Expenditure Variance Analysis (Shopping Difference)

Analysis of variance is an analysis of the difference or difference between the realization of expenditure and the budget, using the formula from (Mahmudi, 2012)

$$\text{Spending Variance} = \text{Realization of Expenditures} - \text{Budget Expenditures}$$

2. Shopping Growth Analysis

Expenditure growth analysis is useful for knowing the development of spending from year to year, using the formula from (Mahmudi, 2012)

$$\text{Shopping Growth} = \frac{\text{Initial Yr Spending Realization} - \text{End Yr Spending Realization}}{\text{End Yr Spending Realization}} \times 100\%$$

3. Shopping Compatibility Analysis

Shopping compatibility analysis is useful for knowing the balance between spending. This is related to the function of the budget as a means of distribution, allocation and stabilization (Mahmudi, 2012)

a. Operational Expenditure Analysis of Total Expenditure

Analysis of operating expenditure to total expenditure is the comparison between total realization of operating expenditure and total expenditure. This ratio provides information on the portion of expenditure allocated for operating expenses in the relevant fiscal year using the formula from (Mahmudi, 2012)

$$\text{Ratio of Operating Expenditure to Expenditure} = \frac{\text{Total Operation Expenditure}}{\text{Total Expenditure}} \times 100\%$$

b. Capital Expenditure Analysis on Total Expenditure

Analysis of capital expenditure to total expenditure is the comparison between total realization of capital expenditure and total expenditure. This ratio provides information on the portion of expenditure allocated for capital expenditure in the relevant fiscal year, using the formula from (Mahmudi, 2012)

$$\text{Ratio of Capital Expenditure to Expenditure} = \frac{\text{Total Capital Expenditure}}{\text{Total Expenditure}} \times 100\%$$

c. Unexpected Expenditure Analysis of Total Expenditure

The analysis of unexpected expenditure on total expenditure is the comparison between the total realization of unexpected expenditure and the total expenditure. This ratio provides information on the portion of expenditure allocated for unexpected expenditures in the relevant fiscal year, using the formula from (Mahmudi, 2012)

$$\text{Ratio of Unexpected Expenditure to Expenditure} = \frac{\text{Total Unexpected Expenditure}}{\text{Total Expenditure}} \times 100\%$$

4. Shopping Efficiency Analysis

Expenditure efficiency analysis is a comparison between actual expenditure and budget. This spending efficiency ratio is used to measure the level of budget savings carried out by the Social Service Office of Magelang City, using the formula from (Mahmudi, 2012)

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

4. RESULTS AND DISCUSSION

Details of the budget and financial realization, both from routine funds and development funds for the 2020 Magelang City Social Service, are as follows:

Table 1. Social Service Budget Realization Report for 2020

No	Description	Budget (Rp.)	Realization (Rp.)	The remaining funds
1	Indirect Shopping	2.212.3333.000	2.070.613.352	141.719.648
	Employee Shopping	2.212.3333.000	2.070.613.352	141.719.648
2	Direct Shopping	1.371.090.000	1.268.748.629	48.341.371
	Employee Shopping	314.249.000	306.727.000	7.522.000
	Shopping for Goods and Services	1.056.841.000	962.021.629	94.819.371
	Capital Expenditure	0	0	0
	Amount	3.583.423.000	3.339.361.981	244.061.019

Source: Magelang City Social Service. 2020

In table 1 above. during 2020 the available budget is Rp. 3.582.423.000 with a budget realization of Rp. 3.339.261.981 or 93,12% so that there is a remaining fund of Rp. 244.061.019 at the end of the 2020 fiscal year.

Table 2. Realization Report of the 2019 Social Service Budget

No	Description	Budget (Rp.)	Realization (Rp.)	The remaining funds
1	Indirect Shopping	2.235.043.000	2.085.218.197	149.824.803
	Employee Shopping	2.235.043.000	2.085.218.197	149.824.803
2	Direct Shopping	4.040.264.000	3.514.205.474	526.058.526
	Employee Shopping	580.580.000	560.114.000	20.466.000
	Shopping for Goods and Services	2.626.402.000	2.262.584.274	363.817.726
	Capital Expenditure	833.282.000	691.507.200	141.774.800
	Amount	6.275.307.000	5.599.423.671	675.883.329

Source: Magelang City Social Service. 2019

In table 2 above. it can be seen that during 2019 the available budget was Rp. 6.275.307.000 with a budget realization of only Rp. 5.599.423.671 or 89,23% so that there is a remaining fund of Rp. 675.883.329 at the end of the 2019 fiscal year. In 2018 the realization of budget absorption was 91,53% and in 2017 the realization of budget

absorption was 81,44%. Thus the realization of budget absorption from 2017 to 2020 experienced ups and downs which was caused by the Covid-19 pandemic that hit Indonesia

4.1. Analysis

Table 3. Expenditure Variance Analysis for 2019-2020

Year	Realization (Rp)	Budget (Rp)	Difference (Rp)	%
2019	5.599.423.671	6.275.307.000	-675.883.329	-10.7%
2020	3.339.361.981	3.583.423.000	-244.061.019	-6.81%

Source: Data processed. 2022

Based on table 3. it can be seen that the largest difference between budget and realization in 2019 was Rp. 675.883.329 or 10,7%. there was a decrease in the spending variance in 2020 when compared to 2020. which was 3,89%.

Table 4. Expenditure Growth Ratio for Fiscal Year of 2019-2020

Description	Actual Expenditure (Rp)		Growth	
	2019	2020	The increase decrease)	%
Indirect Shopping	2.085.218.197	2.070.613.352	14.604.845	0.7003989
Employee Shopping	2.085.218.197	2.070.613.352	14.604.845	0.7003989
Direct Shopping	3.514.205.474	1.268.748.629	2.245.456.845	63.896572
Employee Shopping	560.114.000	306.727.000	253.387.000	45.238469
Shopping for Goods and Services	2.262.584.274	962.021.629	1.300.562.645	57.481291
Capital Expenditure	691.507.200	0	691.507.200	100

Source: Data processed. 2022

In table 4 it can be seen that the spending growth ratio in 2019 showed a steady decline overall. A steady decline in indirect spending was 2.245.456.845. In general. total spending decreased by Rp. 14.604.845

Table 5. Analysis of Operational Expenditure on Total Expenditure

Year	Total Operation Expenditure	Total Expenditure	%
2019	2.085.218.197	5.599.423.671	62.7601281932
2020	2.070.613.352	3.339.361.981	37.9937436019

Source: Data processed. 2022

Table 5 shows a decrease in the ratio in 2020. The highest ratio in 2019 was 62.7601281932 and the lowest ratio in 2020 was 37.9937436019.

Table 6. Analysis of Capital Expenditure on Total Expenditure

Year	Total Capital Expenditure	Total Expenditure	%
2019	691.507.200	5.599.423.671	87.6503861713
2020	0	3.339.361.981	100

Source: Data processed. 2022

Based on table 6 above. the ratio in 2019 and 2020. The highest ratio in 2020 is 100 and the lowest ratio in 2019 is 7.6503861713

Table 7. Expenditure Efficiency Ratio for 2019-2020 Fiscal Year

Year	Realization	Budget	%
2019	5.599.423.671	6.275.307.000	10.7705221274
2020	3.339.361.981	3.583.423.000	6.8108347521

Source: Data processed. 2022

Based on table 7 above. it can be seen that the spending efficiency ratio has increased in 2019 and 2020.

4.2. Discussion

4.2.1. Expenditure Variance Analysis (Shopping Difference)

In the 2019 budget year. there is a difference between the budget and its realization which has a negative balance. this shows an efficiency of the expenditure budget of 675.883.329. in the 2020 budget year the difference in the budget is 244.061.019.

This means that the Magelang City Social Service has made good use of the budget. where the realization of the expenditure made by the Magelang City Social Service is smaller than the planned budget. Thus, judging from the analysis of the expenditure variance of the Magelang City Social Service, it can be said that it has utilized the APBD well.

4.2.2. Shopping Growth Analysis

In 2020 there was a decrease in spending growth with a negative balance of 14.604.845 from the total realization of spending in 2019. Basically, the Magelang City Social Service has sought to use expenditure in the regional income and expenditure budget so that it always experiences positive growth.

4.2.3. Shopping Compatibility Analysis

The Magelang City Social Service in allocating its expenditures has a tendency for a fairly large percentage to be used for operating expenses, where during 2019 to 2020 the average operating expenditure reached a high percentage of the total expenditure.

Based on the compatibility analysis of these expenditures, it can be concluded that the city's social service department has failed in terms of budget and expenditure realization, with a larger portion of indirect spending for the implementation of social activity programs.

4.2.4. Shopping Efficiency Analysis

In the LRA of the Magelang city social service, it can be seen that there is an efficient use of the budget. In 2019 the total realization of expenditure is as large as the total budget budgeted by the Magelang City Social Service in 2020. The total realization of expenditure is equal to the total budget budgeted by the Magelang City Social Service.

During the period from 2019 to 2020, the Magelang City Social Service has carried out spending efficiency well. This can be seen from the spending efficiency ratio from 2019 to 2020 which is less than 100% where the average spending efficiency is because spending performance declined in 2020, as evidenced by 1) in 2020 the number budget

of 3.583.423.000 and realization of expenditure of 3.339.361.981 decreased in 2019 with a budget of 6.275.307.000 and its realization 5.599.423.671, 2) the variance of spending in 2020 is lower than in 2019; and 3) spending growth ratio in 2020 decreased by 6.8108347521.

5. CONCLUSION

5.1. Conclusion

Based on the results of the analysis that has been carried out. it can be concluded that rejecting the hypothesis that has been proposed previously. because the performance of spending in the budget realization report at the Magelang city social service decreased in 2020 as evidenced by in 2020 the total budget of 6.275.307.000 with expenditure realization of 5.599.423.671 decreased in 2019, while the budget for spending was 3.583.423.000 and the realization was 3.339.361.981. Due to the Covid-19 pandemic, the spending variance in 2020 is lower than in 2019. The spending growth ratio in 2020 decreased by 63.896572. This is because 2020 will be a time when more government budgets are spent during the COVID-19 pandemic.

5.2. Suggestion

The absorption of the budget for the social service department of the city of Magelang in 2020 has been good even though the budget value given is smaller than 2019, it is recommended that we can further optimize the absorption of these budget funds so that in the following years they can get appreciation from the local government by providing a budget value that is higher.

The percentage of realization of operating expenditure allocation is very large compared to the percentage for capital expenditure which is only below. For this reason, it is recommended that a consideration be made between capital expenditures and operating expenditures. Capital expenditures can be in the form of improvements related to community activity programs which are a strategic issue for the Magelang City Social Service

The declining spending growth ratio in 2020 should be a concern for the Magelang City Social Service, especially in preparing the budget items for the following years so as to increase the Magelang City Social Service spending growth ratio.

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