

Level of Effectiveness and Efficiency of Regional Finance, Especially the Aceh Provincial Government in the Period after the Implementation of the Revision of the Law on Regional Autonomy

Almira Keumala Ulfah
Hukum Ekonomi Syariah, Fakultas Syariah, IAIN Lhokseumawe
almirakeumalaulfah@iainlhokseumawe.ac.id

Ainul Ridha*
Sekolah tinggi ilmu ekonomi sabang Banda Aceh
aynul.ridha@gmail.com

Corresponding email: aynul.ridha@gmail.com

Abstract

The purpose of this study is to find out how the level, effectiveness and efficiency of the regional government of Aceh Province after the revision of the regional autonomy law. This research was conducted at the Aceh Provincial Government (Aceh Government). This study uses data directly obtained from the Aceh Government. Data analysis was carried out using descriptive qualitative methods. The aim of this research is to find out how the level of effectiveness and efficiency of the regional finance of the Aceh provincial government after the revision of the regional autonomy law is. The results of the study are seen from the effectiveness because the target set by the Aceh Government is too high than the contribution given from PAD (realization achieved) every year. So it shows the government's performance is less effective (not good). The results of the study are seen from the efficiency of the Aceh Government that has not achieved maximum regional autonomy where the target of regional autonomy is to seek effective and efficient regional finance. The Aceh government is only able to seek efficient regional finance.

Keywords: Regional Autonomy, Financial Performance, Effectiveness and Efficiency Ratio of Regional Income.

INTRODUCTION

Central governments in both developed and developing countries have delegated responsibilities, authorities, and related resources (finance, personnel, equipment, etc.) to lower levels of government. This is intended so that local governments can regulate their own regional household affairs on their own initiative based on the aspirations of the community in accordance with applicable laws and regulations and so that there is also a financial balance between the central and regional governments that is more rational, proportional, and real (Mulyana et al. .al, 2006:2).

UU no. 22, 1999 concerning Regional Government and Law no. 25, 1999 concerning Fiscal Balance between Central and Regional Governments is the starting point for the government to leave the centralized government system for a new decentralized government system. This provides opportunities for changes in national development from growth to equitable distribution of development in a more just and balanced manner. This change can be realized through regional autonomy policies and the balance of central and regional finances.

Regional autonomy policy through Law no. 22 of 1999 there are a number of weaknesses both in terms of policy and implementation. Therefore, this autonomy policy requires revision to become Law No. 32 of 2004 concerning regional government. Along with the revision of the regional autonomy law on regional government, the regional autonomy law on financial balance between the central and regional governments, Law No. 25 of 1999, was also revised to become Law No. 33 of 2004.

As a consequence of this broad autonomy authority, every local government has an obligation to improve public services and welfare in a democratic, fair, equitable and sustainable manner. This obligation can be fulfilled if the local government is able to manage the potential of the region, namely the potential of natural resources, human resources and the potential of financial resources optimally.

In the context of public accountability, the Regional Government must optimize the budget that is carried out economically, efficiently, and effectively to realize the welfare of the community. The phenomenon that has occurred so far shows that regional financial management and performance are still very concerned. The fact that only a few percent of Regional Revenue comes from Regional Original Revenue creates a very high financial dependence of the Regional Government on the Central Government (Kuncoro, 2004: 8).

Thus, the granting of regional autonomy and the revision of the law on regional autonomy are expected to increase the efficiency, effectiveness, and accountability of the public sector in Indonesia. Each region is required to find alternative sources of development financing without reducing the hope that there will still be assistance from the central government and using public funds in accordance with the priorities and aspirations of the community. Therefore, the success of the local government today is very dependent on the government and the community in the area in optimizing the available regional potential. For this reason, local governments must be able to establish harmonious relationships with every community in their area so that community support and participation are used as basic capital in regional development. Likewise, balancing funds originating from the central government should be placed as a stimulus so that they can attract even greater funds from the regional economic potential.

Each region in Indonesia has a different revenue potential, due to differences in resource potential, economic level and socio-cultural characteristics. Therefore, specifically for the Province of Aceh, it is necessary to conduct a separate study to obtain a relatively more complete picture of the ability of the region to become an autonomous region.

RESEARCH METHODOLOGY

This type of research is a descriptive research, where this research will describe the phenomena or characteristics of the ongoing data at the time this research was conducted or during a certain period of time to test and answer questions regarding the latest status of the research subjects.

The data needed are secondary data and primary data. The primary and secondary data were collected using data collection techniques, namely Field Research, Library Research, and Documentation Techniques.

The data analysis method used is a descriptive qualitative method, namely: describing and analyzing the data in the APBA report and RAPBA report to find out how far the Aceh Government's financial performance is seen from the Aceh Government's financial performance seen from the level of independence, effectiveness, financial efficiency of the Aceh government in the period of regional autonomy after the enactment of the revision of Law no. 32 and 33 of 2004 concerning regional autonomy.

DISCUSSION

1. Analysis of the Effectiveness of Aceh's Local Government Revenue

The effectiveness of Regional Original Revenue describes the ability of local governments to realize Revenue The planned original area is compared with the target set based on the real potential of the region. To

To determine the effectiveness of local revenue collection, the following assumptions are used:

a. If the contribution of the resulting output (realization of Regional Original Income) is greater than the value of the achievement of these targets (Regional Original Revenue targets) then it can be said that the collection of Original Revenues The area is getting more effective.

b. If the contribution of the resulting output (realization of Regional Original Income) is getting smaller to the achievement value With this target (the target of Regional Original Revenue), it can be said that the collection of Regional Original Revenue is increasing ineffective.

In 2005 the Aceh Government's effective local revenue ratio was 173.05%, meaning that shows good performance because the effectiveness ratio is more than 100%. The effectiveness of local revenue collection This comes from the components of Regional Original Revenue which are realized according to or even exceeding the target set has been determined.

In 2006, the Aceh Government's effective local revenue ratio was 130.08% meaning that shows good performance because the effectiveness ratio is more than 100%. The effectiveness of local revenue collection This comes from the components of Regional Original Revenue which are realized according to or even exceeding the target set has been determined. When compared to the previous year, the effectiveness of the Aceh Government decreased by 42.97%.

Judging from the realization of the Aceh Government's Regional Original Revenue this year (2006), it actually increased, where in the last year (2005) the realization of Regional Original Income was Rp. 262.119.988.078.04 increased to Rp.476,909,834,495.57. The increase in the realization of Regional Original Revenue in 2006 was due to an increase in the target Regional Original Income component. Meanwhile, the decline in the effectiveness of the Aceh Government's regional revenues in 2006 because in the previous year (2005) the realization contribution given was greater than the set target compared to this year (2006).

In 2007, the ratio of the effectiveness of the Aceh Government's original local revenue was 104.33%, which means still shows good performance because the effectiveness ratio is more than 100%. Effectiveness of Real Income collection. This area comes from the components of Regional Original Income which are realized according to or even exceeding predetermined targets. Compared to the previous year, the effectiveness of the Aceh Government has decreased by 25.75%. Judging from the realization of the Aceh Government's Regional Original Revenue this year (2007), it actually experienced an increase, where last year (2006) the realization of Regional Original Income was Rp. 476,909,834,495.57 increased to Rp. 587,487,310,959.13. The decline in the effectiveness of the Aceh Government's regional revenues in 2007 because in the previous year (2006) the realization contribution given was greater than the set target compared to this year (2007).

In 2008, the Aceh Government's effective local revenue ratio was 90.02% meaning that shows poor performance because the effectiveness ratio is less than 100%. Effectiveness of Real Income collection This area comes from the realized components of Regional Original Income. When compared to the year Previously, the effectiveness of the Aceh Government decreased by 14.31%. Judging from the realization of Original income. Regional Government of Aceh this year (2008) actually experienced an increase, where last year (2007) the realization regional Original Income is Rp. 587,487,310,959.13 increased to Rp. 716,290,964,931.10 . Enhancement realization of Regional Original Income in 2008 was due to an increase in the target component of Regional Original Income. Meanwhile, the decrease in the effectiveness of the Aceh Government's regional income in 2008 was due to the previous year (2007) the realization contribution given is greater than the target set compared to this year (2008) and the existence of several targets from the components of Regional Original Revenue that cannot be realized according to the target.

In 2009, the effectiveness ratio of the Aceh Government's original local revenue was 92.38% meaning that shows poor performance because the effectiveness ratio is less than 100%. Collecting effectiveness This Regional Original Income comes from the components of the realized Regional Original Income. If compared to the previous year, the effectiveness of the Aceh Government increased by 2.36%. Seen from The realization of the Aceh Government's Original Regional Revenue this year (2008) also experienced an increase, where in 2015 then (2008) the realization of Regional Original Revenue was Rp. 716,290,964,931.10, an increase of.

2. Efficiency Analysis of Aceh Government's Regional Original Revenue

Efficiency of Regional Original Revenue describes the comparison between the amount of costs incurred to obtain income and the realization of income received. The performance of local governments in collecting revenue is categorized as efficient if the ratio achieved is less than 1 (one)

or below 100%. The smaller the efficiency ratio, the better the performance of the local government. The local government needs to carefully calculate how much it will cost to realize all the revenues it receives. This needs to be done because even though the region has succeeded in realizing revenue receipts in accordance with the set targets, this success has no meaning if it turns out that the costs incurred are greater.

In 2005 the efficiency ratio was 3.40%, this year (2005) the collection fee issued by the local government was Rp. means that it shows good performance because the efficiency ratio is below 100%. The efficiency of collecting Original Regional Revenue comes from the components of Regional Original Revenue which are realized quite large with low collection costs.

In 2006 the efficiency ratio was 3.32%, the collection fee incurred by the government was Rp. 15,827,791,690.55, - while the realization received was Rp. 476,909,834,495.57,-. When compared to the previous year this year (2006) the efficiency of the Aceh Government's local revenue has decreased, which means that government expenditures and performance are increasingly efficient.

In 2007 the efficiency ratio was 3.16%, levy costs incurred were Rp.18,557,859,717.70, - while the realization received was Rp.587,487,310,959,13, - indicating efficient government spending and performance. When compared to the previous year this year (2007) the efficiency of the Aceh Government's local revenue has decreased. This is because the percentage increase in government revenue originating from local revenue is greater than the percentage increase in costs for collecting local revenue.

In 2008 the efficiency ratio was 3.32%, the levy costs incurred were Rp.23,815,972,230.80, - while the realization received was Rp.716,290,964,931.10, - indicating efficient expenditures. When compared to the previous year (2007) the efficiency of the Aceh Government's local revenue increased by 0.17%. This means that the efficiency ratio increases to close to 100%, which means that the performance/ability of the government in collecting PAD is close to performance inefficiency. Judging from the realization of the Aceh Government's Regional Original Income this year (2008), it actually increased, where last year (2007) the realization of Regional Original Revenue was Rp. 587,487.310,959.13 increased to Rp. 716,290,964,931.10. Likewise with the costs incurred to collect PAD, where the cost of collection in the previous year (2007) amounted to Rp.18,557,859,717.70 increased to Rp. 23,815,972,230.80. The increase in the effectiveness ratio this year (2008) was due to the contribution between levy costs and the realization of local revenue which was much larger than the previous year (2007).

In 2009 the efficiency ratio of 3.22% indicates efficient spending. The collection fee incurred is Rp. 23,709,606,789.10 while the realization received was Rp. 735,205,788,491.03 shows efficient government spending and performance. When compared to previous years this year (2009) the efficiency of the Aceh Government's local revenue has decreased. When viewed from the realization of the Aceh Government's original regional income this year (2009), it actually increased, where the realization of regional original income this year (2009) amounted to Rp. 735,205,788,491.03 . In terms of efficiency, in 2009 with the large amount of PAD realization and the cost of collections, it shows the efficient performance of the Aceh Government because the ratio achieved is still less than 1 (one) or below 100 percent.

3. Evaluation and Analysis of the Effectiveness of the Aceh Government's Regional Original Revenue

The effectiveness of Regional Original Revenue describes the ability of local governments to realize Revenue. The planned original area is compared with the target set based on the real potential of the region. From research what the author did and in accordance with the theory described in the literature review, it can be seen that, Aceh Government's financial performance/capability as measured by the Effectiveness ratio of Regional Original Revenue shows that the financial performance of the Government of Aceh after the implementation of the revision of the law on regional autonomy, Law 32 and 34 of 2004 (years 2005-2009) are still not effective. The effectiveness of the Aceh Government's Regional Original Revenue collection for the 2005-2009 fiscal year has decreased from year to year. The effectiveness ratio of the Aceh Government's Original Regional

Revenue is from 173.05% Decreased to with 90.02%. The Aceh government was only able to carry out its revenue effectiveness in 2005-2007.

During the five fiscal years (2005-2009) the collection of Regional Original Revenue was less effective, because the contribution given to the target set from year to year is decreasing. This is also due to the target set by the Aceh Government is too high than the contribution given from PAD (realization achieved) annually. From 2005-2009 this effectiveness ratio continued to decline. This is because the Aceh government less skilled in controlling the plan and realization of local taxes and regional levies on the APBA and The Aceh government needs to continue to improve and carry out its tasks and programs, one of which is to increase the realization of local revenue in the future.

4. Evaluation and Analysis of the Efficiency Analysis of the Aceh Government's Regional Original Revenue

Efficiency of Regional Original Revenue illustrates the comparison between the amount of costs incurred for earn income with the realization of income received. The performance of local governments in carrying out revenue collection is categorized as efficient if the ratio achieved is less than 1 (one) or below 100%. From the research that the author did and in accordance with the theory described in the literature review, it can be concluded that it can be seen that, the performance/financial capability of the Aceh Government as measured by the ratio of Efficiency of Regional Original Income shows that the financial performance of the Government of Aceh after the implementation of the revision of the law on regional autonomy, Law 32 and 34 of 2004 (2005-2009) have been efficient.

The efficiency of the Aceh Government's Regional Original Revenue collection for the 2005-2009 fiscal year has decreased from year to year. The efficiency ratio of the Aceh Government's Regional Original Revenue ranges from 3.40% to 3.16% which shows efficient government performance. Efficiency of collection of Local Government Original Revenue in Aceh year the 2005-2009 budget has decreased. The efficiency ratio of the Aceh Government's Original Regional Revenue is around 3.40% up to 3.16%. This shows that the government's performance in collecting Regional Original Revenue has been efficient.

It is clear that the efficiency ratio of the Government of Aceh every year is getting further from 100. This means the realization The Regional Original Revenue received by the Aceh Government is greater than the costs that must be incurred to collect local revenue (PAD). During the five fiscal years (2005-2009) the cost of collecting local Original Revenue must be spent does increase every year, but the increase does not affect the level of efficiency because The realization of Regional Original Income also increases every year. Except in 2009, the cost of collection experienced decrease, the decrease in levy costs does not affect the realization of local revenue because the Realization of Original Revenue.

Regions have increased from the previous year (2008). Which means the government's performance is getting more efficient. Where levy costs decreased but the realization of Regional Original Revenue increased. Judging from the development of the effectiveness and efficiency ratio of the Aceh Government's local revenue, the effectiveness ratio shows that the government's performance is still not effective, while the efficiency ratio shows the government's performance efficient in collecting the Regional Original Income. This means that the Aceh Government has not achieve maximum regional autonomy where the target of regional autonomy is to seek regional finances that are effective and efficient. The Aceh government is only able to seek efficient regional finance.

CONCLUSION

The effectiveness of the Aceh Government's regional revenues for the five fiscal years (budget year 2005 to in 2009) an average of 117.97%. Thus the collection of Regional Original Revenue tends to be effective, because the contribution given to the target to be achieved is more than 100%. This shows the government's performance a good area, when viewed in terms of the development of the effectiveness ratio has decreased from year to year. That matter shows that during the five fiscal years (2005-2009) the collection of Regional Original Revenue was not effective, because the contribution

given to the target set from year to year is decreasing. This is also due to because the target set by the Government of Aceh is too high for the contribution made from PAD (realization achieved) annually. So it shows the government's performance is less effective (not good).

The efficiency of collecting the Aceh Government's Regional Original Revenue for the five fiscal years, namely from the 2005 budget up to the 2009 fiscal year an average of 3.29% and every fiscal year there decline. This shows that the collection of the Aceh Government's Regional Original Revenue from year to year more efficient because the costs incurred to collect Regional Original Revenue are increasingly proportional to the Realization of Regional Original Income obtained. Thus, the performance of the Regional Government of the Aceh Government in manage their blood finances better. Although every year the collection fee increases, but The increase does not affect the level of efficiency because the realization of Regional Original Income received every year year has also increased. The effectiveness ratio shows that the government's performance is still not effective, while from the efficiency ratio shows the efficient performance of the government in collecting Original Income The area. This means that the Aceh Government has not yet achieved maximum regional autonomy where the target regional autonomy is to seek effective and efficient regional finance. The Aceh government can only strive for efficient regional finance.

REFERENCES

- Mediyanti S. Analisis Dampak Penggunaan Dana Otonomi Khusus Aceh (DOKA) terhadap Pertumbuhan Ekonomi Aceh. 2019;7(1):56-60.
- Indonesia R. Undang-Undang Nomor 33 Tahun 2004 Tentang Perimbangan Keuangan Antara Pemerintah Pusat Dan Daerah.; 2004.
- Indonesia R. Undang-Undang Nomor 32 Tahun 2004 Tentang Pemerintah Daerah.; 2004.
- Indonesia R. Undang-Undang Nomor 18 Tahun 1997 Tentang Pajak Daerah Dan Retribusi Daerah.; 1997.
- Indonesia R. Undang-Undang Nomor 11 Tahun 2006 Tentang Pemerintahan Aceh.; 2006.
- Kuncoro, Mudrajad (2004) "Otonomi dan Pembangunan Daerah: Reformasi, Perencanaan, Strategi dan Peluang". Jakarta: Erlangga.
- Ulfah, Almira Keumala. "KINERJA PERSONIL PEMAKAI SISTEM INFORMASI AKUNTANSI SETELAH PELATIHAN SISTEM INFORMASI AKUNTANSI PADA POLDA ACEH." *Jurnal Bis-A: Jurnal Bisnis Administrasi* 7.2 (2018): 40-46.
- Ulfah, Almira Keumala, et al. "Analisis Kemampuan Pembiayaan Keuangan Pemerintah Provinsi Aceh Setelah Penerapan Revisi UU Tentang Otonomi Daerah." *Seminar Nasional Teknologi Ulfah, Almira Keumala, et al. "Tingkat Kemandirian, Efektivitas, Efisiensi Keuangan Daerah Pemerintah Provinsi Aceh Setelah Revisi UU Otonomi Daerah." Seminar Nasional Teknologi Komputer & Sains (SAINTEKS). Vol. 1. No. 1. 2020. Komputer & Sains (SAINTEKS). Vol. 1. No. 1. 2019.*
- Ulfah, Almira Keumala, et al. "Accounting Equations in Business Transactions." *Psychology and Education Journal* 57.8 (2020): 456-460.
- Nasution, Muhamad Syafril, et al. "The Effect of Beta, and Residual Income on Stock Return in The Manufacturing Industry in The Indonesia Stock Exchange." *Enrichment: Journal of Management* 11.2 (2021): 555-558.
- Nadilla, Trie, et al. "The Effect Of Leverage And Earning Per Share On Earning Management (A Study Of Companies Listed In Indonesia Stock Exchange)." *ICASI 2019: Proceedings of The 2nd International Conference On Advance And Scientific Innovation, ICASI 2019, 18 July, Banda Aceh, Indonesia. European Alliance for Innovation, 2019.*