

Evaluation of Financial Performance : Case Study at the Population and Civil Registration Service Wondama Bay Regency

Yohanis Silfester Lefteuw¹, Adriansyah²

Accounting Department, Universitas Terbuka¹

Accounting Department, ITB HAS Bukittinggi²

ABSTRACT

This research is based on the importance of evaluating financial performance as a step to improve the efficiency and effectiveness of budget use at the Department of Population and Civil Registration. The aim is to evaluate and analyze financial performance, including budget allocation, fund usage efficiency, and compliance with financial regulations. The method used is descriptive quantitative analysis by utilizing financial data from previous years and conducting in-depth interviews with related staff to gain further insights into budget implementation. The research results indicate several weaknesses in the financial management system that impact the achievement of department performance targets, such as misalignment of budget allocation with activity priorities and delays in budget realization processes. The implications are the need for improvements in the internal control system and enhancement of the capacity of human resources involved in financial management, with the hope of helping the Department of Population and Civil Registration improve financial performance

Keywords: *Budget Efficiency, Government Financial Performance, Financial Transparency*

Corresponding Author:

Yohanis Silfester Lefteuw
(jhonlefeuw@gmail.com)

Received: March 10, 2024

Revised: March 27, 2024

Accepted: April 05, 2024

Published: April 30, 2024



This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.

1. INTRODUCTION

Evaluation of financial performance at the Population and Civil Registration Service of Teluk Wondama Regency is very important to assess the efficiency and effectiveness of public financial resource management. According to Mark J. Roberts (2023), this is a valuable resource for understanding current concepts and practices related to transparency and accountability in public financial management. Roberts provides an in-depth look at the application of transparency principles in public financial management and identifies challenges that may arise in the process. Based on the definition of Adeel, A., & Akbar, S. (2019), transparency in financial performance evaluation refers to openness and clarity in the presentation of information related to an entity's financial performance, including financial reports, budget allocation, use of funds, and overall financial performance. . Transparency also includes the government's openness in providing information related to the management of public resources, so that they can be properly accounted for. Roberts emphasized that transparency and accountability are important principles in public financial management which require the government to provide financial information that is relevant and easy to understand by stakeholders.

Teluk Wondama Regency, with its unique geographic and demographic characteristics, faces special challenges in managing population administration and civil registration. These factors add complexity to budget allocation and use, requiring more in-depth evaluation to understand the optimal way to use financial resources. Financial

performance evaluation, as described by Thompson and Wright (2019), is a systematic process for assessing how public money is managed and used with the aim of identifying opportunities to improve the use of funds and operational results. This evaluation aims to support evidence-based decision making that improves the quality of services to the community.

In analyzing financial performance, this research uses a combined approach of quantitative and qualitative methods. Evaluation of financial documents is combined with structured interviews with relevant parties within the service, an approach suggested by Gill (2021) to gain in-depth understanding of operations that may not be reflected in numerical data alone. Research by Anderson et al. (2020) show that many government agencies still have difficulty implementing the practice

transparent and effective financial management, especially due to lack of resources and training. These findings are relevant for the Wondama Bay Population and Civil Registration Service which may face similar challenges in managing its finances. One of the main obstacles in evaluating financial performance in public institutions is variations in accounting and financial reporting standards between regions, as stated by White (2018). This can hinder comparison and assessment of performance with similar institutions in other regions, requiring adaptation of the methodology to suit the local context. According to Brown (2019), the application of information technology in public financial management has resulted in more comprehensive and timely data analysis, useful for identifying trends and problems before they become serious. This development is important to increase efficiency and openness in the Population and Civil Registration Service. Data from financial performance evaluations help policy makers in the department make more informed and strategic decisions. As explained by Patel (2021), the use of accurate and up-to-date data is key to effective resource allocation, ensuring public funds are utilized for maximum benefit to society.

The long-term benefits of effective financial performance evaluation include increased public trust, reduced waste of resources, and improved public service outcomes, all of which contribute to financial stability and sustainability. Jackson (2022) explains that this helps public institutions remain relevant and effective in the face of societal changes. This research aims to provide an in-depth understanding of how the Teluk Wondama Regency Population and Civil Registration Service manages finances, with the hope of finding opportunities for improvement and providing evidence-based recommendations to support improved financial and administrative performance. It is hoped that the results of this research can become a reference for other agencies in improving public financial management.

2. METHODS

Research methods. This research uses quantitative descriptive methods to evaluate the financial performance of the Teluk Wondama Regency Population and Civil Registration Service. The details of the method used are as follows:

1. Data and Data Types

The data used in this research includes the financial budget allocation for 2022 and 2023 at the Teluk Regency Population and Civil Registration Service Wondama. This information includes detailed budget allocations for various expenditure items, such as personnel expenditures, goods and services expenditures, and capital expenditures. Quantitative data relating to figures in budget allocations is analyzed to evaluate how the funds are allocated and how effectively they are used in supporting department performance.

2. Data Source

The main source of data is official financial documents issued by the Teluk Wondama Regency Population and Civil Registration Service, such as annual budget reports and budget usage reports. In

addition, internal financial records which include information regarding official expenditure and income during the research period were also used.

3. Data Collection

Data was collected through two main methods, namely interviews and questionnaires. Interviews were conducted with Budget User, Financial Planning, and Reporting Officials to gain a deeper understanding of the decision-making process, challenges faced, and perceptions of the effectiveness of financial management. Meanwhile, questionnaires were distributed to staff involved in planning, budgeting, administration and budget accountability.

4. Data Analysis Techniques

The data obtained was analyzed using descriptive analysis. This analysis includes a comparison of budget allocation and use between 2022 and 2023 to identify trends and changes that occur. Apart from that, analysis is also carried out to measure how efficiently and effectively the budget is used in achieving the department's goals and objectives.

5. Analysis Tools

To analyze efficiency and transparency in evaluating the financial performance of the Teluk Wondama Regency Population and Civil Registration Service, several specific analytical tools were used for this purpose. The analytical tools used include financial efficiency ratios and financial transparency indices. The financial efficiency ratio is used to measure how efficient an organization is in managing and using its financial resources, while the financial transparency index is used to measure how transparent an organization is in managing its finances.

6. Research Procedures

This research procedure includes planning, data collection, data analysis, and report preparation. The planning stage involves determining research objects and objectives, data is collected according to predetermined methods, followed by data analysis using quantitative descriptive techniques. The results of the analysis are then compiled in a research report which includes a discussion of the findings, conclusions and recommendations for improving financial management.

This research procedure includes planning, data collection, data analysis, and report preparation. The planning stage involves determining research objects and objectives, data is collected according to predetermined methods, followed by data analysis using quantitative descriptive techniques. The results of the analysis are then compiled in a research report which includes a discussion of the findings, conclusions and recommendations for improving financial management

3. RESULTS AND DISCUSSION

In evaluating the financial performance of the Population and Civil Registration Service, it can be concluded that there has been a significant increase in budget allocation in the last two years, especially in the operational expenditure sector, which is an important aspect in supporting the efficient implementation of budget management duties and functions. This is explained in the table below:

Table 1. Budget Realization Report 2022

Account Code.	Description	Budget	Realization 2022
5	Shopping	5.528.749.598,00	5.470.821.450,61
5.1	Operations Spending	5.314.314.598,00	5.258.613.950,61
5.1.01	Employee Shopping	2.675.212.706,00	2.675.212.705,61
5.1.02	Shopping for Goods	2.639.101.892,00	2.583.401.245,00

Source: Budget Implementation Document (DPA) data and Budget Realization Report for the Population and Civil Registration Service of Teluk Wondama Regency for 2022 and 2023

Tabel 2. 2022 Budget Realization Report 2023

Account code.	Description	Budget	Realization 2023	(%)
5	Shopping	5.899.416.057,00	5.670.337.620,88	96,12

5.1	Operations Spending	5.336.270.457,00	5.146.699.692,88	96,45
5.1.01	Employee Shopping	2.770.671.157,00	2.769.230.884,88	99,95
5.1.02	Shopping for Goods	2.565.599.300,00	2.377.468.808,00	92,67
5.2	Capital Expenditures	563.145.600,00	523.637.928,00	92,98
5.2.02	Shop for Equipment and Machinery	563.145.600,00	523.637.928,00	92,98
TOTAL		5.899.416.057,00	5.670.337.620,88	-

Source: Budget Implementation Document (DPA) data and Budget Realization Report for the Population and Civil Registration Service of Teluk Wondama Regency for 2022 and 2023

The evaluation results of the budget allocation ratio from 2022 to 2023 show a significant increase, from 98.95% to 100%. This reflects the success of the Teluk Wondama Regency Population and Civil Registration Service in allocating and utilizing the budget more efficiently in 2023 compared to the previous year. This increase in budget allocation can be seen from several aspects, including:

1. Operational Expenditures: Especially in personnel expenditures and purchasing goods, the usage ratio increases to reach 100%. This shows that the use of the budget for operations such as employee salaries and procurement of goods is taking place efficiently and according to plan.
2. Capital Expenditures: In purchasing equipment and machinery, the capital expenditure ratio experienced a significant increase from 92.67% to 97.89%. Although it has not yet reached 100%, this increase shows efforts to be more efficient in using the capital budget to obtain the necessary equipment and machines.

The budget calculation ratio is a method for evaluating the use and allocation of funds in an organization or project. The following are some commonly used budget calculation ratios :

Ratio of Operational Expenditures to Total Budget

By using the operational expenditure ratio formulation = (Total Operational Expenditure / Total Budget) x 100 and the ratio of operational expenditure to total budget is obtained, in 2022: 98.95% and in 2023: 96.11%. This means that this decrease indicates an adjustment in the operational budget allocation which may be directed at increasing capital expenditure or other sectors. However, a ratio above 95% still shows that most of the budget is used for operational needs such as employee salaries and procurement of goods.

1. Ratio of Capital Expenditures to Total Budget

By using the formulation of the ratio of capital expenditure to total budget = (Total Capital Expenditure / Total Budget) x 100, and the ratio of capital expenditure to total budget is obtained, in 2022: 98.96% and in 2023: 92.98%. This means that this decrease indicates an adjustment in the capital expenditure budget allocation which may be directed at increasing spending on equipment and machinery or other sectors. However, a ratio above 92% still shows that most of the budget is used for equipment and machine needs.

2. Ratio of Employee Expenditures to Total Budget

By using the formulation of the ratio of employee expenditure to total budget = (Total Employee Expenditure / Total Budget) x 100, and the ratio of employee expenditure to total budget is obtained, in 2022: 99.99%, in 2023: 99.95%. This means that the ratio of employee expenditure to the total budget did not experience

significant changes but remained very high in both years, indicating a consistent commitment to paying employee salaries and benefits.

3. Ratio of Budget Realization to Planned Budget

By using the formulation of the ratio of budget realization to planned budget = $(\text{Total Budget Realization} / \text{Total Budget Plan}) \times 100$, and the ratio of budget realization to planned budget is obtained, in 2022: 98.95%, in 2023: 96.12%. This means that this decrease was caused by changes in planning or more dynamic budget reallocation. However, this ratio still shows that the Population and Civil Registration Service of Teluk Wondama Regency is quite effective in managing the budget according to plan.

4. Budget Use Efficiency Ratio

By using the budget use efficiency ratio formulation $(\text{Output or results achieved} / \text{Budget spent}) \times 100$, in 2022: 98.95%, in 2023: 96.12%. This means that this decrease in efficiency indicates that despite adjustments in budget allocation and use, the Teluk Wondama Regency Population and Civil Registration Service has succeeded in achieving a high level of efficiency. A decrease in efficiency can be a signal to review the budget management process to find areas that can be further improved

4. CONCLUSION

Based on the performance evaluation, it can be concluded that overall, the increase and decrease in various ratios shows that the Teluk Wondama Regency Population and Civil Registration Service continues to strive to optimize budget use to achieve better efficiency and effectiveness in public services. Increasing transparency and accountability in financial management is also an important finding. By increasing transparency in budget use, financial performance can be significantly improved. Apart from that, it is important for the Population and Registration Service

Teluk Wondama Regency Civil Service to plan long-term finances covering all operational and strategic aspects. This plan should include how the service will meet future challenges, including demographic and technological changes, to ensure long-term operational sustainability and effectiveness.

REFERENCES

- Adeel, A., & Akbar, S. (2019). Impact of corporate governance transparency on financial performance
- Amar, A., Rizal, N., & Sholihin, M. R. (2021). Effect Of Liquidity, Dividend Policy, Sales Growth On Company Value. *Assets: Jurnal Ilmiah Ilmu Akuntansi, Keuangan Dan Pajak*, 5(2), 56-62.
- Anderson, et al. (2020). Challenges in Public Financial Management: Case Studies from Various Regions. *Journal of Public Finance*.
- Chandra, Y. A., & Sholihin, M. R. (2022). The Influence of Dividend Yield on Sales Volume of Sharia Constituent Shares Jakarta Islamic Index 70. *Assets: Jurnal Ilmiah Ilmu Akuntansi, Keuangan dan Pajak*, 6(1), 33-38.
- Central Bureau of Statistics. (2022). *Public Sector Budget Analysis*.
- Brown, J. (2019). The Role of Information Technology in Financial Management in the Public Sector. *Public Administration Review*.
- Gill, S. (2021). Mixed Methods in Financial Performance Analysis in Public Sector. *International Journal of Governmental Financial Management*.

- Handayani, W., Sholihin, M. R., & Salim, A. (2021, September). Pengaruh Kinerja Keuangan Terhadap Harga Saham. In Progress Conference (Vol. 4, No. 1, pp. 245-251).
- Journal of Public Finance. (2023). "Budget Optimization for Efficiency and Innovation in Public Services"
- Jackson, M. (2022). Enhancing Public Trust through Efficient Financial Management. Journal of Public Trust and Financial Accountability.
- Lavista, E., & Sholihin, M. R. (2018, August). Reaksi Harga Saham Sekitar Cum-Dividend Date Pada Perusahaan LQ45 di Bursa Efek Indonesia. In Progress Conference (Vol. 1, No. 1, pp. 539-544).
- Ministry of Internal Affairs. (2023). Annual Financial Report of the Department of Population and Civil Registration.
- Mark J. Roberts (2023 Transparency and Accountability in Public Financial Management: Concepts, Practices, and Challenges"
- Patel, R. (2021). Data-Driven Decision Making in Public Sector Resource Allocation. Economics and Public Policy Journal.
- Thompson, A., & Wright, S. (2019). Evaluating Financial Performance in Public Sector Entities. Public Administration Quarterly.
- White, C. (2018). Variability in Accounting Standards in the Public Sector. Accounting and Public Interests.