IJAMESC, Vol. 3 No. 02, April 2025
DOI: https://doi.org/10.61990/ijamesc.v3i2.487 e-ISSN 2986-8645

EVALUATION OF EXPENDITURE PERFORMANCE IN THE BUDGET REALIZATION REPORT (LRA) AT THE REGIONAL FINANCIAL AND ASSET MANAGEMENT AGENCY OF MAKASSAR CITY

A. Anggi Reskiamalia[1]*, Haliah[2], Nirwana[3]
[1,2,3]Postgraduate Faculty of Economics and Business, Hasanuddin University, Indonesia
*Corresponding Author:
anggireski6@gmail.com

Abstract
This study aims to evaluate the performance of expenditure in the Budget Realization Report (LRA) of the Makassar City Government in the 2021-2023 budget period. Analysis is carried out on the spending performance reflected in the report, including analysis of spending variance, spending growth, spending compatibility, and spending efficiency. This study uses a quantitative descriptive approach with secondary data obtained from the documentation of the Makassar City BPKAD. The results show that the spending efficiency ratio is consistently below 100%, indicating effective budget use. In addition, the proportion of capital expenditure has increased significantly, especially in 2023, indicating a shift in government priorities in long-term investments such as infrastructure. These findings are expected to contribute to improving the quality of regional expenditure management and encourage the optimization of budget use according to the set targets.

Keywords: Expenditure Performance, Budget Realization Report, Regional Financial Report

1. Introduction

Regional financial management has an important role in determining whether a government can develop along with the changing times, especially in the era of globalization. Budget management is essential to monitor every revenue and expenditure in the government. Thus, each local government is expected to be able to carry out activities in planning and regulating financial activities effectively. To achieve the goals of the local government, financial management must be carried out properly to protect regional assets and achieve goals through the right financial structure. Errors in the organization's financial statements can have serious consequences due to fund mismatches that can occur due to various factors.

The Government's Financial Statements consist of the Budget Realization Report (LRA), Balance Sheet, and Notes on the Financial Statements. The Budget Realization Report shows a comparison between the planned budget and its realization. A balance sheet describes an entity's financial position that includes assets, liabilities, and equity. Meanwhile, the Notes to the Financial Statements provide additional information that explains and details the items presented in the report.

The Budget Realization Report is a type of regional financial report that is prepared in advance and is used as a basis for compiling balance sheet statements and subsequent cash flow statements. This report allows local governments to show how resources are allocated and used (Prasetyo, 2021). This report shows a comparison between the planned budget and its realization during the reporting period related to expenditure (Minister of Finance of the Republic of Indonesia, 2022).

DOI: https://doi.org/10.61990/ijamesc.v3i2.487 e-ISSN 2986-8645

The budget in government is the main element in the implementation of government and regional development. Budgets have an important role as a tool for stabilization, distribution, allocation of public resources, planning, organizational control, and performance assessment. Therefore, the Budget Realization Report (LRA) is one of the most important financial accountability reports. Based on the LRA, the report reader can conduct an analysis of the performance of financial statements which includes an analysis of revenue, expenditure, and financing.

Makassar City is one of the regions that has carried out regional autonomy. The Makassar City Government is given the responsibility and authority to prepare the APBD, this has been regulated by the Regional Finance and Asset Management Agency (hereinafter called BPKAD) of Makassar City which is tasked with improving the quality of local government implementation, development and services to the community, especially in the field of finance and regional assets. The performance of the Makassar City BPKAD can be seen from the Makassar City Regional Budget and Expenditure Realization below:

Table 1. Report on the Realization of the Regional Expenditure Budget at the Office of the Makassar City Regional Financial and Asset Management Agency for 2021 - 2023

Year	Shop		
	Budget (Rp)	Realization (Rp)	Percentage
2021	4.165.165.032.351	3.150.496.728.994	76%
2022	4.700.694.460.499	3.549.062.984.209	76%
2023	5.262.232.822.463	4.507.727.571.970	86%

Source: BPKAD Makassar City, 2025

Based on the table above, it can be seen that the realization of Makassar City Government expenditures for 2021 to 2023 is below the budget that has been set. In 2021 and 2022, the realization of the budget was recorded at 76%, while in 2023, there was an increase to 86%. To assess the level of realization of budget absorption in accordance with the targets set by the Makassar City Government in the 2021-2023 period, a measurement tool in the form of analysis is used that can support the performance of the budget in government agencies. Evaluation of the performance of the budget is very important to find out whether the Makassar City Government has implemented its work plan properly and provided more optimal benefits.

Expenditure according to the Regulation of the Mayor of Makassar Number 71 of 2021 is all obligations borne by the Regional Government which are calculated as a deduction of net assets within a certain budget period. Regional spending reflects the policy of generating revenue, which is more difficult than spending it. Because spending is relatively easy to do and prone to inefficiencies and leaks, planning, control, and supervision of regional spending is very important. Once spent and recorded in the LRA, the analysis needs to be carried out for future evaluation and improvement.

Previous research conducted by Panca Safira Amelia, Daniswara Nursyabani, and Risma Wira Bharata (2023) which examined "Analysis of Expenditure Performance in the Budget Realization Report (LRA) at the Ministry of Health of the Republic of Indonesia for the 2019-2021 Fiscal Year" found that the Ministry of Health's LRA in 2019, 2020, and 2021 showed the following results: in 2019, the analysis of expenditure variance was recorded the highest (5.40%) compared to 2020 (4.50%) and 2021 (2.85%). Meanwhile, the expenditure growth ratio at the beginning of the Covid-19 pandemic, namely in 2020, experienced a significant increase of 51.90%. In 2021, spending growth

DOI: https://doi.org/10.61990/ijamesc.v3i2.487 e-ISSN 2986-8645

jumped sharply to reach 03.81%. After the Covid-19 pandemic, the Ministry of Health reported an increase of 77.85% due to an increase in overall spending.

Based on the background that has been explained, this study aims to analyze the performance of expenditure in the Makassar City Government Budget Realization Report for 2021-2023. This research will examine and analyze the performance of the Makassar City government's expenditure as reflected in the budget realization report for the 2021-2023 fiscal year period.

2. Theoretical Background

2.1 Regional Financial Performance

The financial performance of local governments shows the extent of the successful implementation of programs and activities that have been planned, as well as the level of realization of budget use during a budget period. Based on the view of Kannapadang (2021), the analysis of financial performance related to regional expenditure aims to assess and evaluate the extent to which the budget has been utilized effectively and efficiently. Performance measurement has various benefits, such as providing insight into the indicators used to assess management performance, providing guidance to achieve defined targets, and monitoring and evaluating performance achievements by comparing them against preset targets. (Putri & Munandar, 2021)

2.2 Budget Realization Report (LRA)

The Budget Realization Report is a type of regional financial report that is prepared in advance and is used as a basis for compiling balance sheet statements and subsequent cash flow statements. This report allows local governments to show how resources are allocated and used (Prasetyo, 2021). The budget realization report serves to predict the economic resources that will be available to fund the activities of the central and local governments, as well as to evaluate the risk of uncertainty related to these resources. In addition, this report also provides an overview of whether the use and provision of resources has been carried out with economical, efficient, and effective principles in accordance with the set budget and applicable regulations.

2.3 Regional Spending

Expenditure according to the Regulation of the Mayor of Makassar Number 71 of 2021 is all obligations borne by the Regional Government which are calculated as a deduction of net assets within a certain budget period. Mahmudi (2019) defines regional expenditure as any expenditure made from the Regional General Cash Account that causes a reduction in equity in a given fiscal year, without the possibility of being re-received by the local government. According to Angel May et al. (2022), regional spending is arranged in accordance with local government affairs, including programs, activities, groups, and details of shopping objects. This expenditure functions as a means of financing for local government programs or activities that are under the authority of the district or city.

2.4 Shopping Performance Analysis

Expenditure performance analysis has an important role in assessing how effective and efficient the use of a given budget is. To evaluate expenditure performance, performance measurement steps are needed which can be carried out through various methods, namely:

2.4.1 Analysis of Expenditure Variance (Expenditure Difference)

Expenditure variance analysis is an evaluation method used to understand the difference between a planned budget and expenditure realization. Mahmudi (2019) stated

DOI: https://doi.org/10.61990/ijamesc.v3i2.487 e-ISSN 2986-8645

that this analysis aims to reveal differences or inconsistencies between the budget and the expenditure that has been realized. This analysis is formulated as follows:

$$\text{Spending Variance} = \text{Spending Actual - Spending Budget}$$

2.4.2 Spending Growth Analysis

Spending growth needs to be aligned with revenue growth to maintain regional fiscal balance and health in the medium term. Mahmudi (2019) stated that the analysis of expenditure growth has benefits in understanding the development of expenditure over time. Spending growth can be calculated using the following formula:

$$\text{Shopping Growth} = \frac{\text{Realization of Expenditure Year t - Realization of Expenditure Year t-1}}{\text{Realization of Expenditure Year t-1}} \text{ x } 100\%$$

2.4.3 Shopping Compatibility Analysis

Expenditure compatibility analysis is an evaluation of the distribution of regional expenditure allocations, including operational expenditure and capital expenditure, to ensure a balance that supports development needs and community services. Mahmudi (2019) explained that the analysis of shopping compatibility is useful in understanding the balance between different types of shopping. One aspect of this analysis is to compare the total realization of capital expenditure with the total regional expenditure as a whole. The following are the types of shopping compatibility analysis:

1) Analysis of Operating Expenditure on Total Expenditure

An examination of working expenses in the context of incremental expenditure refers to the relationship between fully recognized working expenses and fully utilized expenses. Mahmudi (2019) explained that this ratio serves to show the proportion of the budget used for operational expenditure in a certain budget period. The ratio of operating expenses to total expenses is formulated as follows:

$$RBOTTB = \frac{Total\ Operating\ Expenses}{Total\ Expanditure}\ x\ 100\%$$

2) Capital Expenditure Analysis on Total Expenditure

Capital expenditure analysis on total expenditure is an evaluation that compares the total realization of capital expenditure with total expenditure as a whole. Mahmudi (2019) explained that this ratio serves to understand the proportion of the budget directed to capital expenditure in a certain budget period. The ratio of capital expenditure to total expenditure is formulated as follows:

$$RBMTT = \frac{Total\ Capital\ Expenditure}{Total\ Expanditure}\ x\ 100\%$$

3) Spend Efficiency Analysis

Expenditure efficiency analysis aims to compare the realization of expenditure with the budget that has been set. The resulting efficiency ratio is relative, so there is no standard that is considered ideal for the ratio. Mahmudi (2019) stated that the expenditure efficiency ratio is used as a tool to measure the level of budget savings achieved by the government. The expenditure efficiency ratio is formulated as follows:

$$\text{Expanditure Efficiency Ratio} = \frac{\text{Expanditure Realization}}{\text{Budget Expanditure}} \text{ x } 100\%$$

3. Methods

This study uses a descriptive approach and quantitative methods. The quantitative descriptive method aims to describe an object or phenomenon based on data or samples that have been collected, without conducting in-depth analysis or drawing generalizations

DOI: https://doi.org/10.61990/ijamesc.v3i2.487 e-ISSN 2986-8645

(Sugiyono, 2019). This study evaluates the performance of expenditure as reflected in the budget realization report of the Regional Financial and Asset Management Agency (BPKAD) of Makassar City. The data used includes the budget, realization, operational expenditure, and capital expenditure from the Makassar City BPKAD for three 2021-2023 periods.

The data used in this study is secondary data, which comes from the summary documentation of the Makassar City Budget Realization Report from 2021 to 2023. This study uses descriptive analysis techniques with the following steps:

1) Collecting data related to the Makassar City Government's budget during the 2021–2023 period.
2) Perform calculations on expenditure variance analysis, expenditure alignment analysis, expenditure efficiency ratio, and expenditure effectiveness ratio.
3) Identify and analyze problems related to budget performance in the Makassar City Government Budget Realization Report for 2021–2023.
4) Conclude the results of the analysis based on the findings of the research.

4. Results and Discussion

4.1 Analysis of Expenditure Variance

Expenditure variance analysis is an evaluation method used to understand the difference between a planned budget and expenditure realization. Analysis of expenditure variants is used to perform the calculation. The results of these calculations for 2021-2023 are presented in the following table.

Table 2. Makassar Government City Expenditure Variants in 2021-2023

Year	Shop			
	Budget (Rp)	Realization (Rp)	Difference	%
2021	4.165.165.032.351	3.150.496.728.994	1.014.668.303.357	24,36%
2022	4.700.694.460.499	3.549.062.984.209	1.151.631.476.290	24,50%
2023	5.262.232.822.463	4.507.727.571.970	754.505.250.493	14,34%

Source: BPKAD Makassar City, 2025 (Data Processed)

Based on Table 2, the results of the analysis of the Makassar City Government's expenditure variance during the 2021-2023 period show that the realization of expenditure is always lower than the planned budget, which reflects the existence of a budget surplus every year. In 2021, the remaining budget reached IDR 1,014,668,303,357 or 24.36%. Meanwhile, in 2022, the surplus increased to IDR 1,151,631,476,290 or 24.50%. However, in 2023, the surplus decreased significantly to IDR 754,505,250,493, equivalent to 14.34%.

According to Mahmudi (2019), the performance of local governments is considered good if the actual expenditure is below the set budget. Based on the analysis of expenditure variance in the Makassar City Government for the 2021-2023 period, the overall expenditure realization did not exceed the planned budget, thus showing that the performance of the local government's expenditure budget can be assessed positively.

4.2 Spending Growth Analysis

Expenditure growth analysis is an evaluation process that aims to observe changes in government spending, especially regional spending, over time. The results of the calculations for the period 2021-2023 have been presented in the following table to provide a clearer picture.

DOI: https://doi.org/10.61990/ijamesc.v3i2.487 e-ISSN 2986-8645

Table 3. Makassar City Government Expenditure Growth in 2021-2023

Year	Realization of Expenditure Year t	Realization of Expenditure Years t-1	Decrease/Increase	Result
2021	3.150.496.728.994	2.968.616.107.772	181.880.621.222	6,13%
2022	3.549.062.984.209	3.150.496.728.994	398.566.255.215	12,65%
2023	4.507.727.571.970	3.549.062.984.209	958.664.587.761	27,01%

Source: BPKAD Makassar City, 2025 (Data Processed)

Based on table 3, the growth of expenditure in the Makassar city government shows a significant increase during the period 2021 to 2023. In 2021, there was an increase of IDR 181,880,621,222 or 6.13%, followed by an increase of IDR 398,566,255,215 or 12.26% in 2022, and jumped to IDR 958,664,587,761 or 27.01% in 2023. This reflects the Makassar City Government's ability to optimize budget allocation to meet various needs, including infrastructure development, public service improvement, and the implementation of other strategic programs.

4.3 Shopping Compatibility Analysis

Expenditure compatibility analysis is an evaluation of the distribution of regional expenditure allocations, including operational expenditure and capital expenditure, to ensure a balance that supports development needs and community services.

4.3.1 Analysis of Operating Expenditure on Total Expenditure

Analysis of operating expenditure to total expenditure is an evaluation carried out to measure the proportion of operating expenditure compared to total regional expenditure in a given period. The results of the calculations for the period 2021-2023 have been presented in the following table to provide a clearer picture.

Table 4. Ratio of Operating Expenditure to Total Expenditure of the City of Makassar in 2021-2023

Year	Shop		
	Total Operating Expenditure	Total Spend	%
2021	2.665.273.234.471	3.150.496.728.994	84,60%
2022	3.081.067.816.510	3.549.062.984.209	86,81%
2023	3.374.420.647.297	4.507.727.571.970	74,86%

Source: BPKAD Makassar City, 2025 (Data Processed)

Based on table 4, the analysis of the ratio of operating expenditure to total expenditure from 2021 to 2023 shows that in 2021 the ratio of operating expenditure reached 84.60%, increasing to 86.81% in 2022, and decreasing to 74.86% in 2023. From the analysis of this ratio, it can be seen that in 2023 total expenditure increased rapidly, but total operating expenditure did not increase significantly, so the ratio of direct expenditure experienced a decrease of 11.95% compared to 2021 and 2022 which were considered stable. This shows that although the allocation of operational expenditure in Makassar City remains well managed, there is a shift in spending priorities that causes the ratio of direct expenditure to decrease in 2023 compared to the stability of the ratio in previous years.

4.3.2 Capital Expenditure Analysis on Total Expenditure

Capital expenditure analysis on total expenditure is an evaluation that compares the total realization of capital expenditure with total expenditure as a whole. The results of the calculations for the period 2021-2023 have been presented in the following table to provide a clearer picture.

DOI: https://doi.org/10.61990/ijamesc.v3i2.487 e-ISSN 2986-8645

Table 5. Ratio of Capital Expenditure to Total Expenditure of the City of Makassar in 2021-2023

Year	Shop		
	Total Capital Expenditure	Total Spend	%
2021	322.972.030.025	3.150.496.728.994	10,25%
2022	450.295.828.749	3.549.062.984.209	12,69%
2023	1.130.808.481.698	4.507.727.571.970	25,09%

Source: BPKAD Makassar City, 2025 (Data Processed)

Based on Table 5, it can be seen that the ratio of capital expenditure to total expenditure of the City of Makassar has increased every year during the period 2021 to 2023. In 2021, this ratio was recorded at 10.25%, then rose to 12.69% in 2022, and jumped sharply to 25.09% in 2023. The most striking increase occurred in 2023, with a difference of 12.04% compared to the previous two years. This significant increase reflects a shift in the Makassar City Government's priorities that focus more on investment in infrastructure development and public facilities. This focus is expected to improve the quality of public services and encourage sustainable economic growth.

4.4 Spend Efficiency Analysis

Expenditure efficiency analysis aims to compare the realization of expenditure with the budget that has been set. The results of the calculations for the period 2021-2023 have been presented in the following table to provide a clearer picture.

Table 6. Makassar City Expenditure Efficiency Ratio in 2021-2023

Year	Shop		
	Budget (Rp)	Realization (Rp)	%
2021	4.165.165.032.351	3.150.496.728.994	75,64%
2022	4.700.694.460.499	3.549.062.984.209	75,50%
2023	5.262.232.822.463	4.507.727.571.970	85,66%

Source: BPKAD Makassar City, 2025 (Data Processed)

Based on table 6, it can be seen that the ratio of Makassar City's spending efficiency shows fluctuations in the 2021-2023 period. In 2021, the efficiency level reached 75.64%, which indicates that most of the budget has been realized. This ratio decreased slightly in 2022 to 75.50%, indicating stability in budget use although not yet fully optimal. However, in 2023, spending efficiency increased significantly to 85.66%, reflecting an increase in the rate of budget realization.

In the period 2021-2023, the Makassar City Government has succeeded in demonstrating efficient budget management in regional spending. The consistent level of spending efficiency below 100% for three consecutive years is clear evidence that the budget is being used effectively. Based on data for 2021-2023, the average expenditure efficiency ratio during the period reached 78.93%, which reflects the realization of the budget that is quite optimal in supporting various government programs and activities.

5. Conclusion

Based on the results of the analysis of the Makassar City Government's expenditure management in the 2021-2023 period, it can be concluded that expenditure efficiency shows good performance with a ratio that is consistently below 100%, with an average of 78.93%. This ratio shows that the realization of the budget has been optimal enough to support priority programs and regional development activities. In addition, there has been a significant increase in spending every year, especially in 2023, reflecting a larger budget allocation to meet the increasingly complex needs of regions.

DOI: https://doi.org/10.61990/ijamesc.v3i2.487 e-ISSN 2986-8645

The Makassar City Government has also managed operational expenditure and capital expenditure well despite fluctuations in the budget utilization ratio. The increase in the proportion of capital expenditure in 2023 indicates that the government is starting to prioritize long-term investments, such as infrastructure development and public facilities, which are expected to provide sustainable benefits to the community.

Therefore, the management of the regional expenditure budget carried out by the Makassar City Government in the last three years shows a good level of efficiency and improved financial performance. However, more effective control measures are still needed to ensure that the realization of expenditures can be optimized in accordance with the planned budget, while maintaining a balance between operational and capital expenditure allocations.

References

Amelia, P. S., Nursyahbani, D., & Bharata, R. W. (2023). Analisis Kinerja Belanja Dalam Laporan Realisasi Anggaran Pada Kemetrian Kesehatan Republik Indonesaia Tahun Anggaran 2019-2021. Jurnal Maneksi (Management, Ekonomi, dan Akuntansi) VOL 12, NO.2, 308-313.

Hikmawati, Jennah, R., & Amelia, R. (2024). Analysis of the Performance of the Expenditure Budget in the Budget Realization Report (LRA) at the DPRD Secretariat of Kalimantan Selatan Province. IJAMESC (International Journal of Accounting, Management, Economics and Social Sciences), 749-760.

Indonesia, M. K. (2022). Peraturan Mentri Keuangan Tentang Kebijakan Akuntansi Pemerintah Pusat.

Kannapadang, D. (2021). Analisis Kinerja Anggaran Belanja Pada Badan Pusat Statistik (BPS) Kabupaten Tana Toraja. Paulus JournalofAccounting (PJA) Vol 2No 2, 1-10.

Mahmudi. (2019). Manajemen Kinerja Sektor Publik, 3rd ed. Yogyakarta: UPP STIM YKPN.

May, G. A., Warongan, J. D., & Gerungai, N. Y. (2022). Analisis Kinerja Anggaran Belanja Pada Badan Perencanaan Penelitian Dan Pengembangan Daerah Kota Manado. Jurnal LPPM Bidang EkoSosBudKum (Ekonomi, Sosial, Budaya, dan Hukum), 259-268.

Misliana, & Hasbi, K. (2024). Analysis of Expenditure Performance in the Budget Realization Report (Study in Banda Aceh City 2019-2022). JTVE, Special Edition NARTC, Vol 9, No 2, 311-321.

Peraturan Walikota, P. W. (2021). Penjabaran Anggaran Pendapatan Dan Belanja Daerah Garan Pendapatan Dan Belanja Daerah.

Prasetyo, D. (2021). Analisis Kinerja Belanja Daerah dalam Laporan Realisasi Anggaran (LRA) Pemerintah Kabupaten Kuantan Singingi. Jurnal Hukum, Administrasi Negara, Perbankan Syariah, Akuntansi, 50-57.

Putri, R. S., & Munandar, A. (2021). Analisis Kinerja Keuangan Pemerintah Daerah Kota Malang Tahun Anggaran 2016-2020. JIMEA (Jurnal Ilmiah Manajemen, Ekonomi, dan Akuntansi), 2296-2313.

Sugiyono. (2019). Metode Penelitian Kuantitatif, Kualitatif, dan R&D. Bandung: Alfabeta.