

## **Analysis of the Effectiveness and Efficiency of Budget Absorption at Bappelitbangda Gorontalo Regency**

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### **ABSTRACT**

*This study aimed to assess the effectiveness and efficiency of budget absorption at BAPPELITBANGDA of Gorontalo Regency between 2020-2024, employing regional expenditure effectiveness and efficiency ratios. The method used is a mixed method sequential explanatory model. The findings indicated an average budget absorption effectiveness of 87.62%, considered sufficiently effective but below the minimum 90% standard. Conversely, the average budget absorption efficiency was 114.13%, categorized as inefficient, suggesting budget wastage due to exceeding 100%. Contributing factors included inadequate budget planning and human resource limitations concerning quantity and technical competence. To address these issues, Bapelitbangda is focusing on enhancing planning quality through evaluation, bolstering employee competence, and optimizing the budget management system to expedite processes and improve absorption effectiveness and efficiency.*

*Keywords: Effectiveness and Efficiency Ratios; Budget; Regional Expenditure.*

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### **INTRODUCTION**

Indonesian regional autonomy operates under the framework established by Law No. 23 of 2014, which addresses Regional Government, and Law No. 33 of 2004, concerning Financial Balance between Central and Regional Administrations. This autonomy empowers local governments with the authority to oversee their financial affairs, as delegated by the central government. including in the preparation of budgets (Perwitasari et al., 2022). In the public sector, a budget is a document that shows the financial status of a public entity, including information on revenue, expenditure, and activities; a budget is a tool for planning, monitoring, and control (Anwar et al., 2022).

The budget is an important document in an organization, including government agencies, because it provides guidelines for carrying out various activities; the budget is a methodically prepared financial plan that serves as the basis for deciding on future organizational actions; the budget also helps achieve organizational goals, especially through a value for money approach, which ensures that the budget is used effectively and efficiently (Amelinda et al., 2022).

The budget preparation process in local governments begins with planning, as outlined in the Regional Revenue and Expenditure Budget. The established administrative structure for managing the regional budget includes systematic and ethical budgeting methods and techniques to ensure the proper formulation and implementation of the APBD (Lantowa & Machmud, 2020). APBD implementation is realized through regional government expenditures and cash disbursements, which represents the realization of the budget as prepared, which will then be reported in the Budget Realization Report (Perwitasari et al., 2022).

According to Minister of Finance Regulation (PMK) Number 258/PMK.02/2015, effective budget absorption is demonstrated when the actual expenditure reaches a minimum of 90% of the total budget outlined in the Budget Implementation List (DIPA). This regulation is designed to guarantee that allocated financial resources are utilized efficiently to facilitate government programs and activities. Moreover, PMK Number 29/PMK.02/2011 highlights budget absorption as a key metric for evaluating budget management efficacy. As a critical element of financial accountability, particularly within the Government Agency Performance Report (LKPIP), insufficient budget absorption can signal underlying issues in planning, execution, or oversight, thereby impeding the optimal delivery of public services and the attainment of development objectives..

Budget realization remains a significant concern within various governmental bodies, characterized by the persistent challenge of low absorption rates at both central and regional levels. To expedite this process, the government enacted regulations for the procurement of goods and services, specifically Presidential Regulation No. 70 of 2012, amending the earlier Presidential Regulation No. 54 of 2010 on this subject matter (Monoarfa, 2018).

Effectiveness signifies the correlation between an organization's output and the attainment of its objectives. An entity, program, or activity achieves greater effectiveness when its output yields a more substantial contribution. The degree to which output aids in realizing defined objectives or targets directly correlates with the effectiveness of an organizational unit's work processes (Mahmudi, 2019). In contrast, efficiency pertains to the ratio of output to input, essentially quantifying output per unit of input. An organization, program, or activity demonstrates efficiency

if it can generate a specific output using minimal input or maximize output with a given input, indicating judicious resource utilization (Mahmudi, 2019).

Good financial performance can be measured by the extent to which achievements are in line with plans. If achievements exceed the set targets, then performance is considered very good. Conversely, if achievements are not in line with or less than what was planned, then performance is considered poor (Saragih & Siregar, 2020). On the other hand, ineffective and inefficient budget absorption can have various negative implications, such as waste of resources due to inappropriate use of the budget, low public trust in the government because the allocated budget does not have a real impact, and obstacles to achieving development targets, This situation can foster uneven development and a deterioration in the standard of public services. Recently, considerable attention has been directed towards how effectively and efficiently budget is absorbed across different local government bodies.

As a local government entity in Gorontalo Province, the Regional Planning, Research, and Development Agency (Bapelitbangda) of Gorontalo Regency is mandated to both receive and disburse budgetary resources. Given its role in managing budget allocation, Bapelitbangda is projected to ensure that budget absorption occurs in an effective and efficient manner, leading to a critical assessment of the extent of effectiveness and efficiency in budget absorption at Bapelitbangda Gorontalo Regency.

This research was conducted due to several problems that occurred. Based on the researcher's observation of documents, it was found that the regional expenditure of Bapelitbangda Gorontalo Regency from 2020 to 2024 was dominated by operational expenditure compared to capital expenditure, particularly personnel expenditure, which consistently absorbed more than 90% of the allocated budget. Although there were fluctuations in some years, the realization of personnel expenditure remained relatively good. On the other hand, goods/services expenditure showed a fluctuating pattern with the lowest absorption in several years, ranging from 58% to more than 90%. This variation indicates the need for improvement in planning and efficiency of use. In addition, capital expenditure has experienced very low absorption, even zero in some years. Although capital expenditure increased slightly in 2021 and 2022, the value is still very small and

was not realized at all in 2020, 2023, and 2024. Capital expenditure realization was even recorded as zero even though the budget was available.

This imbalance indicates that budget allocation is more focused on routine operational needs, while long-term investments that support development have not been a consistent priority. This underscores the importance of paying special attention to investments in fixed assets to maintain continuity and improve regional infrastructure capacity. An assessment is requisite to confirm that budget assimilation occurs productively and economically. Presented herewith is a comparison of the Gorontalo Regency Bapelitbangda's regional expenditure budget realization from 2020 and 2024, illustrating the evolving trend in regional expenditure budget absorption, as visually represented in Table 1:

**Table 1. illustrates the comparative realization of the Gorontalo Regency Bapelitbangda's regional budget expenditures for the years 2020-2024.**

Year	Budget		Remaining Budget	Presentation
	Target	Realization		
2020	5,177,559,071	4,828,013,212	349,545,859	93.25%
2021	4,810,324,531	4,709,922,367	100,402,164	97.91%
2022	6,162,128,219	5,125,603,449	1,036,524,770	83.17%
2023	5,927,358,165	4,917,608,953	1,009,749,212	82.96%
2024	5,767,195,623	4,816,807,209	950,388,414	83.52%

Source: Data were processed by the research in 2025.

According to the data presented in Table 1, the budget execution for the Gorontalo Regency Development Planning Agency (Bapelitbangda) between 2020 and 2024 displayed considerable variability. Budget absorption was relatively good in 2020 and 2021 (93.25% and 97.91%), but declined sharply in 2022–2024 with realization of only around 82–83%. This achievement is below the minimum standard of 90% in accordance with PMK No. 258/PMK.02/2015, so that budget absorption performance is considered less than optimal and needs to be improved. The low budget absorption in Bapelitbangda Gorontalo Regency is influenced by two main factors. First, suboptimal planning factors, such as low accuracy and assessment at the initial stage, cause discrepancies between budget targets and realization and reduce the effectiveness of program

implementation. Second, human resource factors, The deficiency in human resource capabilities and standards impedes the successful and economical handling of budgetary matters.

This research endeavors to evaluate the extent of budget absorption's effectiveness and efficiency within Bapelitbangda Gorontalo Regency spanning the years 2020 to 2024. It also aims to identify the efforts made to overcome the factors that cause low budget absorption by Bapelitbangda Gorontalo Regency during the 2020-2024 period.

## **LITERATURE REVIEW**

### **Public Sector Accounting**

Public sector accounting involves the systematic collection, recording, classification, evaluation, summarization, and financial transaction reporting for governmental entities, referred to as public sector accounting. The public sector encompasses all entities not privately owned but established, funded, and governed by the state for the benefit of the general populace (Indrayani, 2022). Moreover, public sector accounting is a procedure that includes journal entries, account code categorization, ledger summarization, and reporting designed to facilitate analysis, interpretation, and comparison, thereby supporting informed decision-making (Nurarifah et al., 2022)). The objectives of public sector accounting according to (Mardiasmo, 2018) are to:

- a. Offer the requisite details for the proper, streamlined, and financially sound direction of tasks and the deployment of assets allocated to the entity.
- b. Present data that empowers executives to document the enactment and obligations associated with effective and appropriate oversight.

### **Public Sector Budget**

The financial plan for public sector entities, identified as a budget, is presented through income and expenditure figures in monetary denominations (Mardiasmo, 2018). This public budget serves as a fiscal instrument that organizations within the public sector, such as governments, utilize for the methodical planning and administration of their earnings and outlays over a designated duration. Concurrently, a budget is conceptually a systematic and detailed blueprint devised by a business or service company, quantified in monetary terms or units of products/services, applicable to a defined future span (Suardi, 2019).

### **Budget Absorption**

The effectiveness and efficiency of governmental economic management are critically evaluated through budget absorption, a key metric. This absorption serves as a primary benchmark to gauge the government's capacity for executing fiscal strategies that foster economic expansion (Salwah, 2019). Concurrently, budget absorption denotes the proficiency of local administrations in actualizing budgetary allocations, as sanctioned by the legislature, typically assessed on an ordinal scale (Jumriani, 2018). Effective budget absorption can be measured through the level of conformity between the implementation of physical realization and budget realization with the schedule planned in the work plan for one fiscal year (Oktaliza et al., 2020).

### **Regional Revenue and Expenditure Budget**

In accordance with Government Regulation Number 12 of 2019, the Regional Revenue and Expenditure Budget is defined as a region's yearly financial blueprint, formally established by Regional Regulation (Perda). This budget is formulated based on the region's financial capabilities and the specific requirements of the regional government, which exercises its jurisdictional authority. Its preparation and enactment necessitate a collaborative effort between the regional government and the Regional Representative Council, as stipulated by regional regulations that encompass all governmental rights and responsibilities, including the financial and asset management pertinent to these duties within a fiscal year (Ichsanti, 2022). The Regional Revenue and Expenditure Budget is categorized into the following elements:

- a) The growth in net regional wealth over a fiscal year, representing the total of fixed and lawful regional financial receipts, defines regional revenue. Primary sources for regional revenue include Central Government Balance Funds, Regional Original Revenue (PAD), and other statutorily permitted channels. The PAD component encompasses regional taxes, levies, profits derived from managing designated regional assets, and other receivables, such as those from the sale of Regional Property not yet allocated and revenue from its use.
- b) Regional expenditures are characterized by Government Regulation No. 71 of 2010 on Government Accounting Standards as outflows from the State Treasury or Regional Treasury that decrease the budget balance in a given fiscal year and are not recoverable by the regional government. Furthermore, aligned with Government Regulation No. 12

of 2019, regional expenditure is accounted for as a decrease in net assets, reflecting the region's fiscal obligations for the fiscal year (Arjunata, 2022). The classification of these expenditures includes operational, capital, unforeseen, and transfer expenses.

- c) Regional financing involves short-term fund inflows that necessitate repayment, as well as the deployment of resources intended to yield future revenue, either in the current or subsequent fiscal years, as part of the regional financial management framework, which accounts for financing receipts and disbursements..

### **Budget Realization Report**

Accounting procedures conclude with the Budget Realization Report, which begins with the collection and management of financial data (Dien et al., 2015). This report is presented to users as a summary or financial report to assist them in decision-making. The Budget Realization Report further indicates if an organization's acquired and utilized financial assets have been employed in alignment with the principles of economy, effectiveness, and efficiency, while also adhering to prevailing statutes and regulatory mandates (Dona & Lestari, 2020). Recommendations for the preparation of Budget Realization Reports in the regions include PSAP 02 provisions, whose structure covers the components of Revenue, Expenditure, Transfers, Surplus/Deficit, and Financing, both in terms of budget and realization (Arjunata, 2022).

### **Effectiveness**

Efficiency is defined as the proportion of output to input, meaning the amount of output generated per unit of input (Mahmudi, 2019). Effectiveness can be classified as success and can be measured by comparing the level of planning and results, regardless of whether the results are in line with the plan. The effectiveness ratio must be used to calculate the level of effectiveness as a percentage. Actual results divided by the budget produce this ratio (Prasetyo et al., 2020).

### **Efficiency**

Efficiency is defined as the proportion of output to input, meaning the amount of output generated per unit of input (Mahmudi, 2019). An entity, such as an organization, program, or activity, is deemed efficient if it can achieve a specific output using the minimal possible input, or conversely, maximize its output with a given input, thereby demonstrating effective resource utilization. Budgeted expenditures and actual expenditures must be compared to calculate

budget absorption efficiency. By comparing the overall expenditure budget, which is the input, with the actual expenditure budget, which is the output, the level of efficiency in this case can be determined (Prasetyo et al., 2020).

## **METHOD**

### **Population and Sample**

A population refers to a large body of data that covers a broad scope in a study. It also encompasses the entire collection of individuals, objects, or other measurements that are the primary focus of the study (Purwanza et al., 2022). This research population refers to the entire Regional Revenue and Expenditure Budget Realization Report, which is the primary focus of the research, collected from the Regional Planning, Research, and Development Agency (BAPPELITBANGDA) of Gorontalo Regency for the 2020-2024 period.

A sample is a subset of the population selected by the researcher, considering various aspects. The sample was determined by considering the problem faced in the study, the objectives to be achieved, the formulated hypotheses, the research methods used, and the instruments used in the study (Purwanza et al., 2022). The sample in this study was the achievement of the regional budget absorption target at the Regional Planning, Research, and Development Agency of Gorontalo Regency for the period 2020 to 2024.

### **Research Design**

This investigation's design adopts a mixed methods strategy, which integrates both quantitative and qualitative methodologies (Hendrayadi et al., 2023). Furthermore, this approach utilizes a sequential explanatory model. According to (Hendrayadi et al., 2023), The mixed methods design adopts a sequential explanatory framework, where quantitative data is gathered and analyzed initially, subsequently followed by qualitative data collection and analysis to corroborate the initial quantitative findings.

### **Data Types**

This research incorporated both primary and secondary data sources. Primary data, as defined by Sugiyono (2019), consists of information acquired directly from its origin by the investigator. These primary data were gathered via detailed discussions with pertinent individuals at the Bappelitbangda of Gorontalo Regency. Furthermore, secondary data, according

to Sugiyono (2019). Through the utilization of documentation techniques, secondary data was acquired from the budget realization report documentation covering the years 2020-2024 at Bappelitbangda of Gorontalo Regency.

**Research Variables**

The study's methodology involved the utilization of two variables, identified as the independent and dependent variables..

- a. According to Sugiyono (2019), the independent variable is the factor that affects or initiates changes within or the manifestation of the dependent variable. This study utilized the following independent variables:
  - 1) Effectiveness Ratio
  - 2) Efficiency Ratio
- b. A dependent variable is understood as the variable susceptible to influence from an independent variable (Sugiyono, 2019). or the purposes of this study, the dependent variable has been identified as the absorption of the regional expenditure budget conducted by the Regional Development Planning (Bappelitbangda) in Gorontalo Regency.

**Data Analysis Techniques**

**A. Quantitative Data Analysis**

1) Effectiveness Ratio

To ascertain the degree of effectiveness, an effectiveness ratio is employed, calculated by dividing the realized outcomes by the allocated budget. (Prasetyo et al., 2020).The following ratios are used to measure budget effectiveness:

$$\text{Effectiveness Ratio} = \frac{\text{Budget Realization}}{\text{Budget}} \times 100\%$$

The table below illustrates the benchmarks for assessing the efficacy of budgetary allocations.

**Table 2. Effectiveness Level Criteria**

Measurement Percentage	Efficiency Criteria
>100%	Very Effective

Measurement Percentage	Efficiency Criteria
90%-100	Effective
80%-90	Quite Effective
60%-80	Less Effective
<60	Not Effective

Source: Prasetyo et al., (2020).

## 2) Efficiency ratio

Assessing budget absorption efficiency involves contrasting the budgeted outlay with its realized amount. The degree of efficiency is determined by comparing the actual expenditure, acting as the output, against the complete expenditure budget, functioning as the input. (Prasetyo et al., 2020). The following ratios are used to measure budget efficiency:

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

The provided table outlines the benchmarks used to gauge the expenditure budget's level of Efficiency.

**Table 3. Efficiency Level Criteria**

Measurement Percentage	Efficiency Criteria
>100%	Inefficient
90%-100%	Less Efficient
80%-90%	Fairly Efficient
60%-80%	Efficient
<60%	Very Efficient

Source: Prasetyo et al., (2020).

## B. Qualitative Data Analysis

The act of data reduction involves choosing, condensing, conceptualizing, and modifying initial data gathered from field records, which occurs continuously throughout the research. This process begins even before the data is fully collected and is evident in the researcher's decisions in establishing a conceptual framework, formulating the research problem, and selecting the data collection approach to be applied.

Data presentation is the process of collecting information and organizing it into necessary categories or groupings. This material can be conveyed through written words, visual depictions, charts, or tabular arrangements. The objective of presenting data is to consolidate insights, thereby illustrating the present condition.

Conclusion drawing involves establishing the interpretation of research outcomes and communicating these through brief, succinct, and readily comprehensible sentences. This procedure entails examining the soundness of the conclusions, with a specific focus on their alignment and harmony with the designated title, stated objectives, and posed problem.

## **RESEARCH RESULT AND DISCUSSION**

### **Research Result**

#### **Analysis of the Effectiveness and Efficiency of Regional Expenditure Budget Absorption Quantitatively**

The Gorontalo Regency Bapelitbangda underwent an analysis concerning the effectiveness and efficiency of its regional budget absorption, aiming to determine the alignment of its execution with set objectives and the level of optimization in budget employment for achieving intended results. Upon conducting research at the Gorontalo Regency Bapelitbangda, the following was discovered:

#### **1. Ratio of Effectiveness of Regional Expenditure Budget Absorption**

To ascertain the degree of alignment between the Gorontalo Regency Bapelitbangda's actual spending and its budgetary objectives, the researcher employed a quantitative approach utilizing the expenditure budget effectiveness ratio formula. The findings indicate the following expenditure budget effectiveness ratios for the Gorontalo Regency Bapelitbangda spanning the period 2020-2024:

1) Budget effectiveness ratio for 2020

$$\text{Effectiveness Ratio} = \frac{4.828.013.212}{5.177.559.071} \times 100\% = 93.25\%$$

2) Budget effectiveness ratio for 2021

$$\text{Effectiveness Ratio} = \frac{4.709.922.367}{4.810.324.531} \times 100\% = 97.91\%$$

3) Budget effectiveness ratio for 2022

$$\text{Effectiveness Ratio} = \frac{5.125.603.449}{6.162.128.219} \times 100\% = 83.18\%$$

4) Budget effectiveness ratio for 2023

$$\text{Effectiveness Ratio} = \frac{4.917.608.953}{5.927.358.165} \times 100\% = 82.96\%$$

5) Budget effectiveness ratio for 2024

$$\text{Effectiveness Ratio} = \frac{4.816.807.209}{5.767.195.623} \times 100\% = 83.52\%$$

The computed levels of effectiveness, derived from the calculations performed, are summarized in Table 4 herein:

**Table 4. Results of the Budget Effectiveness Ratio Calculation for Regional Spending at Bapelitbangda for the 2020-2024 Period**

Year	Budget Expenditure Realization	Budget Expenditure	Ratio %	Criteria
2020	4,828,013,212	5,177,559,071	93.25%	Effective
2021	4,709,922,367	4,810,324,531	97.91%	Effective
2022	5,125,603,449	6,162,128,219	83.18%	Quite Effective
2023	4,917,608,953	5,927,358,165	82.96%	Quite Effective
2024	4,816,807,209	5,767,195,623	83.52%	Quite Effective
<b>Average</b>			<b>87.62%</b>	<b>Quite Effective</b>

Source: Primary Data Processing (2025).

According to Table 4's computational results, a significant degree of alteration occurred in the budget effectiveness within Gorontalo Regency's Regional Research and Development Agency (Bapelitbangda) over the 2020-2024 years. In 2020, the budget effectiveness level reached 93.25%, which is categorized as effective because it falls within the 90%-100% range. Then, in 2021, the budget effectiveness level increased to 97.91%, remaining in the effective category. However, in 2022, it decreased to 83.18%, which is categorized as quite effective, because it falls within the 80%-90% range. The decline occurred again in 2023, with the budget effectiveness level reaching 82.96%, although still in the fairly effective category, where revenue realization was lower than the established revenue target. In 2024, the budget effectiveness level increased again to 83.52%, which is still categorized as quite effective. The average budget effectiveness of the Gorontalo Regency Bapelitbangda for the 2020-2024 period was 87.62%, which is categorized as quite effective but has not yet reached the minimum standard of 90% as per PMK No.

258/PMK.02/2015. This condition indicates that budget absorption is not optimal, so performance improvements are needed to optimize budget realization in accordance with applicable regulations.

## 2. Regional Expenditure Budget Absorption Efficiency Ratio

To assess the comparison of direct expenditure realization against total expenditure budget realization, the researcher conducted a quantitative analysis using the regional expenditure budget efficiency ratio formula. The analysis results show that the regional expenditure budget efficiency ratio of Bapelitbangda Gorontalo Regency from 2020 to 2024 is as follows:

1) Budget expenditure efficiency ratio for 2020

$$\text{Efficiency Ratio} = \frac{5.177.559.071.00}{4.828.013.212.00} \times 100\% = 107.24\%$$

2) Budget expenditure efficiency ratio for 2021

$$\text{Efficiency Ratio} = \frac{4.810.324.531.00}{4.709.922.367.00} \times 100\% = 102.13\%$$

3) Budget expenditure efficiency ratio for 2022

$$\text{Efficiency Ratio} = \frac{6.162.128.219.00}{5.125.603.449.00} \times 100\% = 120.22\%$$

4) Budget expenditure efficiency ratio for 2023

$$\text{Efficiency Ratio} = \frac{5.927.358.165.00}{4.917.608.953.00} \times 100\% = 120.53\%$$

5) Budget expenditure efficiency ratio for 2024

$$\text{Efficiency Ratio} = \frac{5.767.195.623.00}{4.816.807.209.00} \times 100\% = 119.73\%$$

The outcomes of the efficiency calculations, once completed, are summarized in the subsequent Table 5.

**Table 5 Results of the Budget Efficiency Ratio  
Calculation for Regional Spending at Bapelitbangda for the 2020-2024 Period**

Year	Direct Budget Expenditure Realization	Expenditure Budget Realization	Ratio %	Criteria
2020	5,177,559,071.00	4,828,013,212.00	107.24%	Inefficient
2021	4,810,324,531.00	4,709,922,367.00	102.13%	Inefficient
2022	6,162,128,219.00	5,125,603,449.00	120.22%	Inefficient
2023	5,927,358,165.00	4,917,608,953.00	120.53%	Inefficient
2024	5,767,195,623.00	4,816,807,209.00	119.73%	Inefficient
	<b>Average</b>		<b>114.13%</b>	<b>Inefficient</b>

Source: Primary Data Processing (2025).

As detailed in table 5's calculations, the efficiency metric for the Gorontalo Regency Bapelitbangda budget in 2020 was recorded at 107.24%, which is categorized as inefficient because it is above 100%. In 2021, the efficiency level decreased to 102.13%, but was still considered inefficient. Furthermore, in 2022, there was an increase in efficiency to 120.22%, but it remained in the inefficient category. In 2023, the efficiency level rose again to 120.53% and was still inefficient. In 2024, the efficiency level decreased slightly to 119.73%, but remained in the inefficient category. Overall, from 2020 to 2024, the average budget efficiency level of the Gorontalo Regency Research and Development Agency (Bapelitbangda) was 114.13%, indicating that the budget efficiency level is still considered inefficient, as it is above the 100% limit. Budgetary efficiency at the Gorontalo Regency Research and Development Agency (Bapelitbangda) falls short of optimal levels owing to a mismatch between realized expenditures and the budgetary plan, with spending going beyond the allocated amounts. This condition is influenced by inadequate planning, inadequate human resource quality, limited facilities and infrastructure, and less strict supervision, which triggers waste and misuse of funds. Therefore, improvements in budget absorption performance are needed to optimize budget efficiency and management results.

### Qualitative Analysis

Budget absorption analysis was conducted by calculating the effectiveness ratio and efficiency ratio as analyzed above. To support the quantitative budget analysis, the researcher also used a qualitative approach with interview techniques to dig deeper into the findings of the

quantitative analysis. The researcher will analyze the factors that influence the performance of budget absorption in the Bapelitbangda of Gorontalo Regency in managing the regional budget from 2020 to 2024. Based on the results of the qualitative analysis, several factors were obtained that influenced the performance of the Bapelitbangda budget absorption of Gorontalo Regency from 2020 to 2024, namely:

### **1) Factors Affecting the Performance of Regional Budget Absorption at the Bappelitbangda of Gorontalo Regency in 2020-2024**

Low budget absorption in local governments reflects the suboptimal achievement of established performance. Based on the results of a quantitative analysis using effectiveness and efficiency ratios, the budget absorption of the Gorontalo Regency Bapelitbangda in managing the regional expenditure budget from 2020 to 2024 is still not entirely satisfactory, as several aspects require improvement. This budget absorption performance is influenced by budget planning and human resource factors.

#### **a. Budget Planning**

Proper financial preparation serves as the foundation for achieving integrated coherence across all phases of planning, resource allocation, implementation, and careful oversight. If budget planning is not aligned with the work program, this can lead to low budget absorption due to suboptimal program implementation, a contributing factor to low budget absorption (Kuntadi & Dian Rosdiana, 2022). Therefore, thorough planning is key to improving budget absorption performance in local governments. The implementation of budget absorption at the Regional Development Planning Agency (Bapelitbangda) of Gorontalo Regency has been a primary focus, and efforts are ongoing to ensure alignment with the established budget plan. However, in practice, budget absorption still shows less than optimal results.

Thus, sound planning is key to improving budget absorption performance in local governments. Therefore, researchers explored the role of budget planning in the budget absorption performance of the Gorontalo Regency Research and Development Agency (Bapelitbangda) through interviews with budget planning officials. The researchers posed the following questions to informants regarding budget planning:

"Has budget absorption performance at Bapelitbangda Gorontalo Regency been implemented according to budget planning?"

A statement from MM, Head of the Planning Sub-Division at the Regional Research and Development Agency (Bapelitbangda) of Gorontalo Regency stated:

"From a planning perspective, we always strive to prepare the Bapelitbangda Work Budget Plan (RKA) and Budget Implementation Plan (DPA) as optimally as possible, serving as guidelines for developing revenue, expenditure, and financing plans. However, sometimes the planning process is less than optimal, in terms of detailed operational requirements or estimated actual implementation times. For example, some activities that should be able to proceed quickly, according to the calendar, encounter technical or coordination obstacles that require longer time. This leads to a decline in the quality of work program implementation, which in turn impacts the effectiveness of budget absorption. We have attempted to minimize this by involving the implementation team early in the planning process. Furthermore, we often encounter new policy dynamics or shifting priorities mid-way, requiring revisions, which of course impact the schedule and absorption. Therefore, to say 'according to plan,' we continue to improve and acknowledge that there is room for improvement, especially in making plans more adaptive and realistic to conditions on the ground."

Based on the interview results above, it is clear that budget absorption implementation at the Gorontalo Regency Research and Development Agency (Bapelitbangda) has been a primary concern, and continuous efforts are being made to ensure it aligns with the established budget plan. A planning process that lacks detail and adapts to field conditions, coupled with technical and coordination constraints in its implementation, can lead to a decline in the quality of work program implementation. This directly impacts the effectiveness of budget absorption prepared in the planning process. Although the Gorontalo Regency Research and Development Agency (Bapelitbangda) continues to align absorption with thorough planning, obstacles in both the technical aspects of regional financial management and the quality of planning, as well as changing conditions on the ground, have hampered budget absorption from achieving its maximum target.

#### **b. Human Resources**

A system can operate optimally if supported by good, qualified human resources (HR). This also applies to budget management, where human resources with adequate competencies play a crucial role in budget management. Their expertise and abilities are key elements in ensuring effective budget management. Inadequate HR quality often presents obstacles to the budget management process. This aligns with the findings of Zarefar et al., (2021), which show that human resource competency is crucial for budget absorption rates. Expertise, knowledge, and skills collectively define HR competency, which serves as a critical component for successful budget management. Therefore, the researchers explored whether HR competency impacts the budget at the Regional Research and Development Agency (Bapelitbangda) in Gorontalo Regency through interviews with the Finance Sub-Division and the General Affairs and Personnel Sub-Division. The researchers posed the following questions to the informants:

How does human resource (HR) competency impact budget management performance at Bapelitbangda in Gorontalo Regency?

The statement made by AS, Head of the Finance Sub-Division at the Regional Research and Development Agency (Bapelitbangda) of Gorontalo Regency, read:

"When it comes to human resource competency and budget absorption performance, we actually experience limitations in the number and quality of human resources, which significantly impacts our ability to carry out budget management duties. Budget management requires compiling, revising, and monitoring budget implementation, which is quite complex and requires precision and strong technical knowledge. However, due to our limited human resources, not everyone who manages the budget has a specific educational background or experience in finance. For example, I often have to share work with colleagues from other fields who are relatively unfamiliar with financial technicalities. This occurs because there simply aren't enough finance staff to complete all the work. When people with less expertise in budget management are forced to fill these positions, many difficulties arise, ranging from inaccurate data entry processes, errors in recording, to slow budget submission and absorption due to the time required to correct and double-check reports. This not only hampers the administrative process but also delays budget absorption. As a result, budget utilization targets for the current year cannot be optimally met."

Similarly, according to WR, Head of the General Affairs and Personnel Sub-Division at the Regional Research and Development Agency (Bapelitbangda) of Gorontalo Regency, that:

"Yes, we have always felt the main obstacle is the lack of competent human resources, especially in the financial sector. As the person responsible for personnel administration, I strive to provide support so that existing human resources can be trained and their skills improved. Unfortunately, the training provided so far has been insufficiently comprehensive and does not always meet technical needs, particularly for budget and financial management. Some employees assigned to the financial sector are not from financial backgrounds. This directly impacts the slow absorption of the budget, which ultimately can hinder program implementation and public services."

Based on the informant's answer above, it can be concluded that the question indicates that the competence and adequate number of human resources are crucial determinants of successful budget absorption. The Gorontalo Regency Research and Development Agency (Bapelitbangda) faces a shortage of human resources, both in terms of quantity and quality, especially in the financial sector. As a result, complex and specialized budget management tasks must be delegated to personnel from non-financial backgrounds, who have limited financial capabilities. This situation causes delays in budget reporting and accountability, which directly negatively impacts the acceleration of budget absorption and the implementation of development programs. Therefore, it is crucial for Bapelitbangda to strengthen human resource capacity through focused training and more appropriate employee placement to ensure competencies align with their duties. This will ensure more effective, efficient, and timely budget absorption, enabling optimal achievement of development goals and public services.

## **2) Efforts of the Gorontalo Regency Bapelitbangda to Improve Budget Absorption Performance.**

With the aim of elevating the Gorontalo Regency Research and Development Agency's (Bapelitbangda) budget absorption rates in managing expenditures from 2020 to 2024, Bapelitbangda Gorontalo Regency has taken several steps to improve budget absorption performance. The following are some of the efforts undertaken by Bapelitbangda Gorontalo Regency to improve budget absorption performance:

**a. Improving the Quality of Budget Planning**

Efforts to improve budget absorption performance at the Gorontalo Regency Regional Research and Development Agency (Bapelitbangda) are directed at improving planning quality through the preparation of more accurate, realistic, and evaluation-based RKA (Work Plan and Budget Implementation Plan) and DPA (Development Plan). By conducting a comprehensive assessment of the current year's budget implementation, involving all relevant parties in the planning process, and improving the accuracy of time estimates and identifying constraints, Bapelitbangda strives to ensure that program needs are appropriately accommodated. Regular planning adjustments to policy dynamics are also crucial to prevent budget delays and discrepancies. Through this strategy, budget planning is expected to be more optimal, thereby improving overall budget absorption performance.

**b. Strengthening and Arranging Human Resources (HR)**

The Gorontalo Regency Research and Development Agency (Bapelitbangda) faces significant challenges in budget absorption performance, primarily due to insufficient human resources. To address this, capacity building and HR management are being implemented through employee needs mapping, recruitment or transfer proposals, and regular training and technical guidance in financial management and reporting. These measures are expected to improve employee technical competence, minimize administrative errors, and expedite the budget management process, thereby enabling more effective and optimal budget absorption performance.

**Discussion****Budget Absorption Performance of the Gorontalo Regency Research and Development Agency (Bapelitbangda)****1) Effectiveness of Regional Budget Absorption Performance of Bapelitbangda Gorontalo Regency.**

Based on quantitative analysis by calculating the effectiveness ratio, the effectiveness level of the Bapelitbangda Gorontalo Regency spending budget for 2020 to 2024 shows an average effectiveness of 87.62%, which is considered quite effective because it is on a scale of 80% -90%. This is caused by less detailed planning, where the planning is not fully mature and detailed, so

that the targets and real needs have not been clearly described causing a mismatch between the allocated budget and implementation in the field, resulting in fluctuations in the level of realization, especially in Goods and Services Expenditure. This shows that the ability of Bapelitbangda Gorontalo Regency in realizing the spending budget is still not optimal, The budget absorption performance is deemed unsatisfactory because it falls short of the 90% minimum standard mandated by Minister of Finance Regulation No. 258/PMK.02/2015, which defines good performance as achieving at least 90% budget realization against the total allocated budget.

Qualitative analysis shows that the discrepancy between budget targets and actual expenditure is primarily due to inaccurate planning and inadequate human resource quality and quantity. Limited technical competency, low participation in training, and inadequate skills in budget preparation, administration, and oversight contribute to suboptimal budget management. With a limited staff, the Gorontalo Regency Research and Development Agency (Bapelitbangda)'s ability to implement its budget is hampered, thus hindering the effectiveness of budget absorption.

This aligns with the theory (Putra & Dhiniharitsa, 2020), which states that an organization is considered highly effective if it is able to realize its initial plans. Conversely, an organization is considered lowly effective if it is unable to realize its predetermined plans. Therefore, effectiveness is an important measure in assessing an organization's success in utilizing its available budget. This study is consistent with the findings of Nabilah & Moorcy (2021) who reported that an assessment of the Balikpapan City Government budget's implementation effectiveness between 2019 and 2021 showed fluctuations, yet was categorized as fairly effective due to annual variances in realization and targets.

## **2) Efficiency of Budget Absorption Performance of Bapelitbangda Gorontalo Regency.**

Quantitative analysis, employing the efficiency ratio calculation, revealed that the Gorontalo Regency Bapelitbangda's budget efficiency from 2020 to 2024 averaged 114.13%. Which is categorized as inefficient because it is above 100%. This inefficiency is primarily caused by spending on goods and services, which is a major component of the budget. Spending on goods and services is not commensurate with the results (output) achieved, with significant

fluctuations in spending realization that sometimes falls below 85% in some years, while in other years showing a sharp increase. This lack of uniformity stems from flawed activity scheduling, recurrent budget alterations, and escalating operational expenses like official travel, expert advice, and event participation, which do not consistently contribute to enhanced organizational effectiveness.

Qualitative analysis results indicate that the use of regional spending by the Gorontalo Regency Research and Development Agency (Bapelitbangda) during 2020–2024 was suboptimal and tended to be inefficient. The dominance of operating expenditures exceeding 100% annually, particularly for personnel and goods/services expenditures, coupled with minimal or even no capital expenditure realization in some years, illustrates an imbalance in budget allocation. This condition indicates that the budget is being used more for routine needs than for productive programs that support development and improve public services.

Through interviews with budget management officials from the Gorontalo Regency Regional Budget Research and Development Agency (Bapelitbangda), the strategy to increase the utilization of the still low spending budget is focused on improving the quality of budget planning, so that the allocation of funds truly aligns with the priority needs of the region and is able to produce tangible and measurable outputs. Furthermore, increased transparency and strengthened internal oversight to ensure every expenditure can be tightly controlled, minimize the risk of waste, and ensure the funds are used effectively and efficiently. These efforts are also supported by the utilization of the Regional Government Information System (SIPD) to maximize accountable budget management and facilitate monitoring of budget absorption. By implementing this strategy, it is hoped that the efficiency and effectiveness of budget use can increase, the performance of regional spending absorption will be more optimal, and development results will provide real benefits for the people of Gorontalo.

The concept of organizational efficiency, as articulated by Putra & Dhiniharitsa (2020), posits that an organization is deemed efficient when it attains its outputs or outcomes with the minimal requisite inputs. Conversely, an organization exhibits low efficiency if insufficient inputs prevent the achievement of desired results. This study's findings align with those of Perwitasari et al. (2022), who reported that the expenditure efficiency ratio for the Department of Agriculture,

Food Security and Fisheries of Probolinggo City during the 2020 budget period was 96.92%. This figure was classified as "less efficient" as it surpassed the 90% threshold. Consequently, it suggests that the Department of Agriculture, Food Security and Fisheries of Probolinggo City might not be optimally efficient in its expenditure budget execution.

## CONCLUSSION

The study on budget absorption at the Regional Development Planning Agency (Bapelitbangda) of Gorontalo Regency during 2020–2024 found that budget absorption effectiveness and efficiency were not fully optimal. The average budget realization reached 87.62%, which was categorized as fairly effective and fairly efficient. Budget absorption was effective in 2020–2021, but declined in 2022–2024 because realization often failed to meet the government target of 90%. This condition affected the timely achievement and quality of work programs. The main factors causing low budget absorption were weak budget planning and limited human resources. Inaccurate planning led to program delays, while insufficient staff competency in financial management reduced implementation effectiveness. To address these issues, the agency should strengthen coordination, improve staff capacity through training, conduct regular monitoring and evaluation, and optimize digital-based financial management systems. The study also recommends accelerating program implementation from the beginning of the fiscal year and conducting further research on factors influencing budget absorption and regional financial management performance.

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