



An Analysis of Decentralization, Regional Dependence, Regional Independence, Effectiveness and Efficiency of PAD, Expenditure Efficiency, and Shopping Harmony in Assessing Regional Financial Performance (Case Study in Government Pekanbaru City)

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Abstract: *This research was conducted by Pekanbaru City Government. This study aims to determine the financial performance of the Pekanbaru City Government for the Fiscal Year 2016 to 2020. This research uses a descriptive method. Data analysis uses local government financial ratios with an income and expenditure approach consisting of the degree of decentralization, the ratio of regional financial dependence, the ratio of regional financial independence, and the effectiveness and efficiency ratio of Regional Original Income (PAD), efficiency ratios and spending compatibility. The results show that the degree of decentralization is in the medium category, the level of regional financial dependence is in the very high category, the level of regional financial independence is in the low category with a consultative relationship pattern, and the effectiveness level of Regional Original Revenue is in the ineffective category, the efficiency level of Regional Original Revenue is in the inefficient category, the level of spending efficiency is in the efficient category*

Keywords: *financial performance; degree of decentralization; regional dependence; regional independence; effectiveness and efficiency of PAD*

I. Introduction

One of how a country's economy is strong is through the existence of a pillar of accountability from the stakeholders. A developed society needs to be supported by a written accountability report. Presentation of financial statements as a form of written responsibility for the financial performance achieved. Local government financial reports have the main function of providing financial information to parties with an interest in the report which will be used as the basis for making economic, political, and social decisions (Mahmudi, 2019).

Performance as an illustration of the level of achievement of the implementation of activities/programs to realize (1) goals, (2) goals, (3) vision, and (4) mission of an organization as stated in strategic planning. Performance can be known if a person or a group has the criteria/conditions for success that have been previously set. The measurement of performance is a process of measuring or comparing the level of conformity between the realization and the goals set (Mahsun, 2013).

Measuring the performance of a local government is very meaningful in assessing the accountability of the implementation of the financial management of a region. Analyzing financial statements can find out whether there is an increase or decrease in the financial performance of local governments each year. In addition, it is hoped that with the analysis of local government financial statements, the financial performance of local governments for the following year will be better so that it will have a positive impact on people's welfare. (Anshori, 2019). Financial performance can be used as a tool to assess the ability of a region in good and correct financial management, to maintain the expected service quality, where a

higher assessment becomes a demand that must be met so that external parties decide to invest in an area. Performance measurement is sourced from financial information in the form of financial reports and can be measured based on the budget that has been made previously (Mardiasmo, 2009).

To maintain the quality and credibility of a financial report, report analysis activities are needed that require appropriate techniques or methods so that they are useful for policymakers and decision-makers. Financial statement analysis activities aim to interpret the numbers contained in financial reports to know financial performance, the results of which will be used as a basis for making economic, social, or political decisions (Mahmudi, 2019).

There are so many techniques for analyzing financial statements, including (1) ratio analysis, (2) analysis of variance, (3) growth analysis, (4) regression analysis, and (5) prediction analysis. The technique for analyzing regional financial performance used in this research is to perform financial ratio analysis calculations with analytical methods/approaches in terms of local government revenues and expenditures.

Pekanbaru is one of the centers' of the largest economy on the island of Sumatra and is also one of the cities with very high levels of migration, growth, and urbanization. Pekanbaru is supported by an economy from trade and oil mining. The city also has an international airport, intercity and interprovincial bus terminals, and two ports (Wikipedia, 2021).

Table 1. Pekanbaru City Government Budget Realization for 2016-2020

Year	2020	2019	2018	2017	2016
INCOME	2,339,036,234,444.86	2,369,118,059,823.92	2,235,018,502,739.24	2,171,590,365,092.59	2,089,873,332,567.58
Locally-generated revenue	618,090,322,805.90	710,129,196,650.75	592,707,161,811.78	697,466,656,719.96	482,031,164,869.27
Transfer Income	1,600,701,692,237.96	1,559,911,518,142.17	1,545,885,460,927.46	1,474,123,708,372.63	1,545,058,420,302.31
Miscellaneous Legitimate Income	120,244,219,401.00	99,077,345,031.00	96,425,880,000.00	-	62,783,747,396.00
SHOPPING	2,341,181,180,839.74	2,364,190,610,401.75	2,220,359,504,219.61	2,152,172,723,977.60	2,025,563,454,217.18
Operation Shopping	1,883,129,143,266.01	1,834,291,017,148.58	1,689,047,575,602.52	1,685,449,641,171.42	1,573,935,577,763.00
Capital Expenditure	396,136,063,968.73	529,533,719,916.67	531,148,865,175.09	466,573,845,628.18	450,341,770,647.18
Unexpected Shopping	61,915,973,605.00	365,873,336.50	163,063,442.00	149,237,178.00	1,286,105,807.00
TRANSFER	-	1,067,349,783.00	-	-	-
SURPLUS/DEFICIT	(2,144,946,394.88)	3,860,099,639.17	14,658,998,519.63	19,417,641,114.99	64,309,878,350.40

Based on table 1 above, Pekanbaru City's budget realization tends to decrease which causes a deficit in 2020 of Rp. 2,144,946,394.88. Pekanbaru City's regional income is dominated by transfer income, while the original regional income is still relatively small. And when viewed from the aspect of expenditure, the proportion of operating expenditure is higher than capital expenditure, and operating expenditure has increased every year.

Based on the descriptions above, the authors are interested in conducting research entitled "Analysis of the Degree of Decentralization, Regional Dependence, Regional Independence, Effectiveness and Efficiency of PAD, Expenditure Efficiency, and Shopping Harmony in Assessing Regional Financial Performance (Case Study in Pekanbaru City Government)". This study aims to assess the financial performance of the Pekanbaru City Government for the 2016-2020 Fiscal Year in terms of (1) degree of decentralization, (2) regional financial

dependence, (3) regional financial independence, (4) effectiveness of PAD, (5) efficiency of PAD, (6) Shopping Efficiency, and (7) Shopping Harmony.

II. Review of Literature

2.1 Regional Financial Performance

Performance as an illustration of the level of achievement of the implementation of activities/programs to realize (1) goals, (2) goals, (3) vision, and (4) mission of an organization as stated in strategic planning. Performance can be known if a person or a group has the criteria/conditions for success that have been previously set. The measurement of performance is a process of measuring or comparing the level of conformity between the realization and the goals set (Mahsun, 2013).

Financial performance can be used as a tool to assess the ability of a region in good and correct financial management, to maintain the expected service quality, where a higher assessment becomes a demand that must be met so that external parties decide to invest in an area. Performance measurement is sourced from financial information in the form of financial reports and can be measured based on the budget that has been made previously (Mardiasmo, 2009).

Measuring the performance of a local government is very meaningful in assessing the accountability of the implementation of the financial management of a region. Analyzing financial statements can find out whether there is an increase or decrease in the financial performance of local governments each year. In addition, it is hoped that with the analysis of local government financial statements, the financial performance of local governments the following year will be better so that it will have a positive impact on people's welfare (Anshori, 2019). Performance measurement is an assessment of the progress of an activity against the goals and objectives determined such as; efficiency in the use of resources to produce goods and services, how the quality of goods, the results of activities with activity plans, and effective actions in achieving goals (Sulistiyowati & Agustina, 2021).

2.2 Purpose of Regional Financial Performance Measurement

Performance measurement of local government financial management aims (Mardiasmo, 2002), namely:

1. Improve government performance
- Performance measures are intended to help the government focus on the goals and objectives of the work unit program, thereby increasing effectiveness in providing services to the public and achieving goals in the most efficient time possible.
2. Allocating resources and decision making
 3. Realizing a form of accountability to the public, and improving better communication of institutional strategies.

2.3 Regional Government Financial Performance Analysis

a. Degree of Decentralization

The degree of decentralization is a ratio that shows the degree/level of contribution of Regional Original Revenue (PAD) to regional revenues. The degree of decentralization is the ratio between Regional Original Revenue (PAD) and Regional Revenue. The higher the contribution of Regional Original Revenue (PAD), the higher the local government's ability to implement decentralization (Mahmudi, 2019). The degree of decentralization is a measure that shows the level of authority, and responsibility given by the central government to local governments in implementing development (Halim, 2001). Development is a change towards improvement (Shah et al, 2020). The formula for calculating the degree of decentralization and the criteria are:

$$\text{Degree of Decentralization} = (\text{Regional Original Income})/(\text{Total Regional Revenue}) \times 100\%$$

Table 2. Assessment Criteria for the Degree of Decentralization

Percentage of PAD to TPD	Fiscal Decentralization Rate
0.00 – 10.00	Very less
10.01 – 20.00	Not enough
20.01 – 30.00	Currently
30.01 – 40.00	Enough
40.01 – 50.00	Well
> 50.00	Very good

b. Regional Financial Dependency Ratio

The regional financial dependence ratio illustrates the level of dependence of the regional government on assistance from external/external parties both sourced from the central government and/or provincial governments. This ratio is calculated by dividing the transfer income received by the regional income. The higher the ratio, the greater the level of dependence of a local government on the central government and/or other provincial or regional governments (Mahmudi, 2019).

Table 3. Regional Dependency Assessment Criteria

Percentage of PAD to TPD	Regional Financial Dependence
0.00 – 10.00	Very low
10.01 – 20.00	Low
20.01 – 30.00	Currently
30.01 – 40.00	Enough
40.01 – 50.00	Tall
> 50.00	Very high

Source: Ministry of Home Affairs Research and Development Team – Fisipol UGM, 1991 in (Bisma & Susanto, 2010)

c. Regional Financial Independence Ratio

Regional financial independence ratio is the ratio of Regional Original Revenue (PAD) to transfer income from both the central and provincial governments, as well as regional loans.

This ratio can describe community participation in regional development. The higher the independence ratio, the higher the community participation in regional development, or in other words, high community participation in paying regional taxes and levies which are the main components of regional original income. And the higher the community pays taxes and regional levies, it illustrates that the level of community welfare is also higher (Purba et al., 2020).

The level of financial independence is a measure to show the financial ability of a local government in financing all its government activities, development, and services to the community, which is measured by comparing the Regional Original Income (PAD) for assistance from the central government and loans (Halim, 2001). Relationship patterns that can be used in the implementation of regional autonomy (Halim, 2004) include:

- a) Instructively, local governments are considered incapable of implementing regional autonomy because the role of the central government still dominates over local governments.
- b) Consultatively, local governments are considered to be less able to implement regional autonomy because interference from the central government is starting to decrease.

- c) Participatory, in which the role of the central government is getting less and less, because the region's level of independence is close to being able to carry out regional autonomy affairs.
- d) Delegative, the local government is considered to have been independent, and capable of implementing regional autonomy affairs because there is no longer any intervention from the central government.

Table 4. Relationship Pattern and Regional Capacity Level

Financial Ability	Independence (%)	Relationship Pattern
Very low	0 - 25	Instructive
Low	25 - 50	Consultative
Currently	50 - 75	Participatory
Tall	75 - 100	Delegative

Source: Halim, 2004

In the implementation of regional autonomy, each regency/municipal region is emphasized on its ability to finance all forms of activities in their respective regions where the financing is obtained from regional original income. With the lower level of dependence, an area can be said to be independent (Nasution et al., 2018).

d. PAD Effectiveness Ratio

The PAD effectiveness ratio (Regional Original Income) shows the ability of a local government to regulate PAD revenue according to the target. This ratio emphasizes the capability of local governments to realize Regional Original Income (PAD) related to the planned and set targets. This target is determined on the basis of consideration of the potential and real capabilities of the area. The PAD effectiveness ratio is calculated by comparing the PAD realization with the PAD revenue target (budgeted) (Mahmudi, 2019). Formula for calculating PAD effectiveness and criteria is:

$$\text{PAD Effectiveness Ratio} = (\text{Realized PAD Revenue}) / (\text{Target PAD Revenue}) \times 100\%$$

Table 5. Effectiveness Level

Effectiveness Criteria	Effectiveness Percentage (%)
Very effective	>100%
Effective	100%
Effective enough	90%-99%
Less effective	75%-89%
Ineffective	<75%

Source: Mahmudi, 2019

e. PAD Efficiency Ratio

The PAD (Regional Original Income) Efficiency Ratio illustrates the comparison of the amount of costs incurred to obtain PAD (Regional Original Income) with the realization of PAD (Regional Original Income) receipts (Mahmudi, 2019). The financial performance of a regional government is considered efficient if in carrying out activities the ratio is less than 1 (one) or below 100%. The financial performance of the regional government is categorized as good if the regional financial efficiency ratio is of small value. (Mardiasmo, 2009). The calculation of this ratio and the criteria (Halim, 2012) are as follows:

$$\text{PAD Efficiency Ratio} = (\text{Realized Regional Expenditure}) / (\text{Realized PAD Revenue}) \times 100\%$$

Table 6. Efficiency Measurement Criteria

Financial Performance Percentage	Criteria
100% Up	Not efficient
90%-100%	Less Efficient
80%-90%	Quite Efficient
60%-80%	Efficient
Below 60%	Very Efficient

Source: Ministry of Home Affairs, Ministry of Home Affairs No. 690,900,327, 1996 in(Bisma & Susanto, 2010)

III. Research Methods

This research was conducted in Pekanbaru City Government. The type of research used is descriptive research, where this method is used to describe or analyze a research result but cannot be used to draw conclusions broadly. The types of data are qualitative and quantitative data. Qualitative data is data that is presented in verbal form (oral/word) not in the form of numbers, may contain company conditions such as company history, organizational structure, company vision and mission, and company policies. Quantitative data is data in the form of documents, lists or numbers that can be calculated in the form of company financial statements. The data source used is secondary data in the form of the Pekanbaru City Government financial report for the 2016-2020 Fiscal Year which is accessed from the Pekanbaru City BPKAD website. Data collection techniques are documentation, literature review, accessing the web, and other related sites. Data were analyzed by quantitative and qualitative analysis techniques. Quantitative analysis analyzes and assesses the data obtained from empirical calculations (formulations) and the Pekanbaru City Government's finances. Qualitative analysis to analyze the numbers calculated by using a theory that is in accordance with the problems to be discussed in quantitative analysis. Financial performance analysis using financial ratios with income and expenditure approach which consists of the degree of decentralization, the ratio of regional financial dependence, the ratio of regional financial independence, the ratio of effectiveness and efficiency of PAD, the ratio of efficiency and compatibility of spending.

IV. Result and Discussion

4.1 Pekanbaru City Profile

Pekanbaru City is one of the cities with very rapid development. Its history begins with a village headed by a tribal chief known as "Batin". The hamlet later developed into a village known as "Senapelan". Since Sultan Abdul Jalil Alamudin Syah settled in Senapelan, he later built a palace in Kampung Bukit which is adjacent to the Senapelan village. It is estimated that the palace is located in the vicinity of the current Grand Mosque. Sultan Abdul Jalil Alamuddin Syah had the initiative to create a Week in Senapelan but it did not develop. The business that had been initiated was continued by his son Raja Muda Muhammad Ali in a new place, namely around the present port (Pasar Bawah). Furthermore, On June 23, 1784 AD based on the deliberations of the ancestors of the four tribes (Coastal, Fifty, Tanah Datar and Kampar), Senapelan was renamed "Pekan Baharu" which was then commemorated as the day the city of Pekanbaru started. Since then, the name Senapelan has been abandoned and has become popular as "Pekan Baharu", which in everyday language is called Pekanbaru.

4.2 Data analysis Degree of Decentralization

Table 7. Degree of Decentralization

Degree of Decentralization				
Fiscal year	Locally-generated revenue	Total Regional Income	Degree of Decentralization	Information
2016	482,031,164,869.27	2,089,873,332,567.58	23.07%	Currently
2017	697,466,656,719.96	2,171,590,365,092.59	32.12%	Enough
2018	592,707,161,811.78	2,235,018,502,739.24	26.52%	Currently
2019	710,129,196,650.75	2,369,118,059,823.92	29.97%	Currently
2020	618,090,322,805.90	2,339,036,234,444.86	26.42%	Currently
Average	620.084.900.571.53	2,240,927,298,933.64	27.62%	Currently

Source: processed by the author

Based on table 7, it can be seen the degree of decentralization of the Pekanbaru City Government in 2016-2020 experienced an increase and decrease. By comparing the ratio of the degree of decentralization to the criteria for assessing the degree of decentralization of Research and Development Team of the Ministry of Home Affairs/1991, then in 2016 it was 23.07% categorized as moderate, in 2017 it increased to 32.12% categorized as moderate, in 2018 it decreased again to 26.52% categorized as moderate, in 2019 it increased again to 29.97% categorized as moderate and in 2020 it decreased again to 26.42% categorized as moderate. When viewed from the average degree of decentralization, it is at 27.62% or are in the moderate category. This means 27.62% Regional revenue comes from Regional Original Income which indicates that the Pekanbaru City Government still relies on external income as a source of regional income with a value of 72.38%. So that the implementation of the decentralization of the Pekanbaru City Government is still in progress. The results of this study are in line with those carried out by (Putri & Munandar, 2021) where the contribution of PAD in Sleman Regency is below 30% or in the moderate category which means that in meeting the needs of the region, the level of dependence of the Regional Government on transfers from the Central Government is still quite high.

The factors that influence the small PAD are, (Rafniati, 2019);

- a) There are potential sources of income that the local government still has to explore, but its authority is outside the local government.
- b) The level of living and the economy of the community is still low which is reflected in per capita income.
- c) Lack of ability to explore existing sources of income in the region.

Local governments are said to be able to carry out autonomy if (1) local governments have the ability and authority to explore financial sources, manage and use their finances to finance the administration of their government, (2) dependence on central assistance must be kept to a minimum, therefore, Original Income Regions (PAD) must be the largest source of finance supported by the central and regional financial balance policies.

4.3 Regional Financial Dependency Ratio

Table 8. Regional Financial Dependency Ratio

Regional Financial Dependency Ratio				
Fiscal year	Transfer Income	Total Regional Income	Regional Financial Dependency Ratio	Information
2016	1,545,053,420,302.31	2,089,873,332,567.58	73.93%	Very high
2017	1,474,123,708,372.63	2,171,590,365,092.59	67.88%	Very high
2018	1,545,885,460,927.46	2,235,018,502,739.24	69.17%	Very high
2019	1,559,911,518,142.17	2,369,118,059,823.92	65.84%	Very high

2020	1,600,701,692,237.96	2,339,036,234,444.86	68.43%	Very high
Average	1,545,135,159,996.51	2,240,927,298,933.64	69.05%	Very high

Source: processed by the author

Based on table 8 it can be seen regional financial dependency ratio Pekanbaru City Government in 2016-2020 experienced an increase and decrease. By comparing the ratio of regional financial dependence with the criteria for assessing regional financial dependence from Research and Development Team of the Ministry of Home Affairs/1991, then in 2016 it was 73.93%, in 2017 it fell to 67.88%, in 2018 it rose to 69.17%, in 2019 it fell again to 65.84%, and in 2020 it rose to 69.05%, and all categorized as very high. When viewed from the average regional financial dependence ratio is at 69.05% categorized as very high.

This indicates that the financial dependence of the Pekanbaru City Government is very high 69.05% of regional income comes from transfer/external income both from the central government and from the provincial government. So that this is a problem that must receive special attention for the Pekanbaru City Government to be able to focus more on utilizing and exploring the sources and potentials of the region.

The results of this study are in line with those carried out by (Susilawati et al., 2018) where the level of regional financial dependence ratio is very high at 80.62% and the Sleman Regency Government has not been able to maximize PAD in obtaining regional income.

4.4 Regional Financial Independence Ratio

Table 9. Regional Financial Independence Ratio

Regional Financial Independence Ratio					
Fiscal year	Locally-generated revenue	Central, Provincial, Loan Transfer	Regional Financial Independence Ratio	Information	Relationship Pattern
2016	482,031,164,869.27	1,545,053,420,302.31	31.20%	Low	Consultative
2017	697,466,656,719.96	1,474,123,708,372.63	47.31%	Low	Consultative
2018	592,707,161,811.78	1,545,885,460,927.46	38.34%	Low	Consultative
2019	710,129,196,650.75	1,559,911,518,142.17	45.52%	Low	Consultative
2020	618,090,322,805.90	1,600,701,692,237.96	38.61%	Low	Consultative
Average	620,084,900,571.53	1,545,135,159,996.51	40.20%	Low	Consultative

Source: processed by the author

Based on table 9 it can be seen regional financial independence ratio Pekanbaru City Government in 2016-2020 experienced an increase and decrease. By comparing the ratio of regional financial independence with the pattern of relationships and the level of regional independence of regional financial dependence from Halim/2004, in 2016 it was 31.20%, in 2017 it rose to 47.31%, in 2018 it fell to 38.34%, in 2017 In 2019 it rose to 45.52%, and in 2020 it fell to 38.61%, and all were categorized as low with a consultative pattern. When viewed from the average ratio of regional financial independence is at 40.20% categorized as low with a consultative relationship pattern. So there is an indication that the central government's intervention is starting to decrease because the region is considered less capable of implementing regional autonomy. The results of this study are in line with those carried out by (Saputra & Fernando, 2017) where the ratio of regional financial independence in Sleman Regency is 38.86% with a consultative pattern.

4.5 PAD Effectiveness Ratio

Table 10. PAD Effectiveness Ratio

PAD Effectiveness Ratio				
Fiscal year	Realization of PAD	PAD Revenue Target	PAD Effectiveness Ratio	Information
2016	482,031,164,869.27	870,406,947,034.00	55.38%	Ineffective
2017	697,466,656,719.96	1,149,338,489,770.00	60.68%	Ineffective
2018	592.707.161.811.78	1,085,555,818,588,00	54.60%	Ineffective
2019	710,129,196,650.75	963,781,076,611.00	73.68%	Ineffective
2020	618,090,322,805,90	1,126,476,692,701,00	54.87%	Ineffective
Average	620.084.900.571.53	1,039,111,804,940,80	59.84%	Ineffective

Source: processed by the author

Based on table 10 it can be seen PAD effectiveness ratio Pekanbaru City Government in 2016-2020 experienced an increase and decrease. By comparing the PAD effectiveness ratio with the PAD effectiveness measurement criteria from Mahmudi/2019, in 2016 it was 55.38%, in 2017 it increased again to 60.68%, in 2018 it fell to 54.60%, in 2019 it rose again to 73.68%, and in 2020 it fell back to 54.87%, and all were categorized as ineffective. When viewed from the average PAD effectiveness ratio was at 59.84% (ineffective), so that the Pekanbaru City Government has not been effective in mobilizing PAD revenue in accordance with the target. Categorized as ineffective if the ratio achieved is at least one or 100 percent (Wahab et al., 2017). The results of this study are in line with those carried out by (Anshori, 2019) where the District Government. Lamongan in 2016-2018 is categorized as not yet effective in realizing the PAD revenue target.

4.6 Ratio Efficiency PAD

Table 11. Ratio Efficiency PAD

PAD Efficiency Ratio				
Fiscal year	Regional Expenditure Realization	Realization of PAD	PAD Efficiency Ratio	Information
2016	2,025,563,454,217.18	482,031,164,869.27	420.21%	Not efficient
2017	2,152,172,723,977.60	697,466,656,719.96	308.57%	Not efficient
2018	2,220,359,504,219.61	592.707.161.811.78	374.61%	Not efficient
2019	2,364,190,610,401.75	710,129,196,650.75	332.92%	Not efficient
2020	2,341,181,180,839.74	618,090,322,805,90	378.78%	Not efficient
Average	2,220,693,494,731.18	620.084.900.571.53	363.02%	Not efficient

Source: processed by the author

Based on table 11 it can be seen PAD efficiency ratio Pekanbaru City Government in 2016-2020 experienced ups and downs. By comparing the PAD efficiency ratio with the PAD efficiency measurement criteria from the Ministry of Home Affairs/1996, in 2016 it was 420.21%, in 2017 it fell to 308.57%, in 2018 it rose to 374.61%, in 2019 it fell to 332.92%, and in 2020 it rose to 378.78%, and all were categorized as inefficient. When viewed from the average PAD efficiency ratio was at 363.02% (inefficient), so, The Pekanbaru City Government has not been successful in making efforts to increase the efficiency of the costs incurred. The results of this study are in line with those carried out by (Saputra & Fernando, 2017), where the PAD efficiency ratio is categorized as inefficient.

4.7 Shopping Efficiency Ratio

Table 12. Shopping Efficiency Ratio

Shopping Efficiency Ratio				
Fiscal year	Shopping Realization	Budget	Shopping Efficiency Ratio	Information
2016	2,025,563,454,217.18	2,425,866,099,699.00	83.50%	Efficient
2017	2,152,172,723,977.60	2,639,311,006,654.00	81.54%	Efficient
2018	2,220,359,504,219.61	2,639,311,006,654.00	84.13%	Efficient
2019	2,364,190,610,401.75	2,724,491,324,462.00	86.78%	Efficient
2020	2,341,181,180,839.74	2,829,653,134,593.00	82.74%	Efficient
Average	2,220,693,494,731.18	2,651,726,514,412.40	83.74%	Efficient

Source: processed by the author

Based on table 12, it can be seen that the efficiency ratio of Pekanbaru City Government spending from 2016-2020 has increased and decreased. By comparing the spending efficiency ratio with the shopping efficiency measurement criteria from Mahmudi/2019, then in 2016 it was 420.21%, in 2017 it fell to 308.57%, in 2018 it rose to 374.61%, in 2019 it fell to 332.92%, and in 2020 it rose to 378.78%, and all categorized as not efficient. When viewed from the average of 83.75% (efficient). Thus indicating that Pekanbaru City Government has been able to achieve the targets set in the APBD. The results of this study are in line with those carried out by (Anshori, 2019) where the spending efficiency ratio of the Lamongan Regency Government for the 2016 - 2018 fiscal year amounted to 94.06%. Local governments are considered to have implemented budget efficiency if the efficiency ratio is less than 100% (Mahmudi, 2019).

4.8 Shopping Match Ratio

Table 13. Shopping Efficiency Ratio

Shopping Match Ratio								
Fiscal year	Operational Expenditure Actual	Realization of Capital Expenditure	Unexpected Realization	Total Regional Expenditure	Harmony Ratio of Operational Expenditure to Total Expenditure	Harmony Ratio of Capital Expenditure to Total Expenditure	Unexpected Shopping Match Ratio to Total Expenditure	Total
2016	1,573,935,577,763.00	450,341,770,647.18	1,286,105,807.00	2,025,563,454,217.18	77.70%	22.23%	0.06%	100.00%
2017	1,685,449,641,171.42	466,573,845,628.18	149,237,178.00	2,152,172,723,977.60	78.31%	21.68%	0.01%	100.00%
2018	1,689,047,575,602.52	531,148,865,175.09	163,063,442.00	2,220,359,504,219.61	76.07%	23.92%	0.01%	100.00%
2019	1,834,291,017,148.58	529,533,719,916.67	365,873,336.50	2,364,190,610,401.75	77.59%	22.40%	0.02%	100.00%
2020	1,883,129,143,266.01	396,136,063,968.73	61,915,973,605.00	2,341,181,180,839.74	80.44%	16.92%	2.64%	100.00%
Average	1,733,170,590,990.31	474,746,853,067.17	12,776,050,673.70	2,220,693,494,731.18	78.02%	21.43%	0.55%	100.00%

Source: processed by the author

Based on table 13, it can be seen that the ratio surgery shopping Pekanbaru City Government from 2016-2020. The operating expense ratio has increased and decreased. By comparing the shopping compatibility ratio with the shopping compatibility measurement criteria from Mahmudi/2019 and Halim/2012, in 2016 it was 77.70%, in 2017 it was 78.31%, in 2018 it was 76.07%, in 2019 it was 77.59%, and in 2020 it was 80.44% and all were categorized as compatible. Operating expense ratio an average of 78.02% (matched) which indicates that the proportion of operating expenditures to regional expenditures is at 78.02% or between 60-90%. Generally, the portion of operating expenses ranges from 60-90% (Mahmudi, 2019). The results of this study are in line with (Wahyuddin & Sugianal, 2017) where Operational expenditure is greater than capital expenditure. The average amount of operating expenditure is 84.55%, this is due to the large amount of personnel expenditure due to the addition of the number of civil servants and the latest official services.

The capital expenditure ratio from 2016-2020 has increased and decreased. In 2016 22.23% were categorized as not compatible, in 2017 21.68% were categorized as not compatible, 2018 as big as 23.92%, in 2019 it was 22.40% categorized as not compatible, and the year 2020 is 16.92% are categorized as compatible. Capital expenditure ratio an average of 21.43% is categorized as mismatched which indicates that there has not been a harmony of expenditures where the proportion of capital expenditures to total regional expenditures is at 21.43% or higher than 5-20% (Mahdmudi, 2019). The results of this study are in line with (Saragih & Siregar, 2020) where the capital expenditure ratio is 25.49% or above 5-20%. Meanwhile, according to (Halim, 2012), the ideal guideline regarding the size of the operating expenditure ratio and the capital expenditure ratio does not yet exist, because it is influenced by the dynamics of development, and the need for investment needed to achieve the targeted growth.

Pekanbaru City Government Expenditures from 2016-2020 are prioritized for operating expenditure needs of 78.02% so that the capital expenditure ratio is relatively small (21.43%), as well as for the unexpected expenditure ratio which is very small (0.55%). If viewed from the Pekanbaru City Government's budget realization report, the largest allocation of funds is used for operating expenditures in this case for personnel expenditures. The Pekanbaru City Government spends more on routine financing in fulfilling its government activities.

V. Conclusion

Based on the results of the data analysis that has been described, the author can conclude that the financial performance of the Pekanbaru City Government during 2016-2020 when viewed in terms of (1) the degree of decentralization in the medium category, (2) regional financial dependency ratio are in the very high category, (3) regional financial independence ratios at a low level with a consultative relationship pattern, (4) PAD efektivitas effectiveness ratios at an ineffective level, (5) PAD efficiency ratios at the inefficient level, (6) the spending efficiency ratio is at the efficiency level budget savings have been made, (7) there has been harmony between expenditures in terms of expenditure compatibility between expenditures, but in terms of capital expenditures there has not been compatibility between expenditures. There is no ideal guideline on the size of the operating expenditure ratio and the capital expenditure ratio, because it is influenced by the dynamics of development, and the need for investment needed to achieve the targeted growth.

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