



Volume 1, Issue 1, 2026

e-ISSN: XXXX-XXXX

Budget Accountability and Effectiveness: A Financial Analysis of Rembang Regency in 2018

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ARTICLE INFO

Article History

Received:

04 March 2026

Accepted:

29 April 2026

Publication:

30 April 2026

Keywords

Regional Financial Performance

APBD

Regional Autonomy

Good Governance

Financial Ratios

Kata Kunci

Kinerja Keuangan Daerah

APBD

Otonomi Daerah

Good Governance

Rasio Finansial

ABSTRACT

The implementation of good governance principles has become a fundamental requirement in the implementation of regional government, especially after the implementation of regional autonomy policies that provide broader authority to local governments in managing regional resources and finances independently. This study aims to analyze the financial performance of the Rembang Regency Government as one indicator of the success of regional autonomy implementation. The analysis was conducted using the APBD financial ratio approach which includes the independence ratio, effectiveness ratio, and efficiency ratio. This study uses a quantitative descriptive approach, which aims to describe and analyze the regional financial condition based on available data without manipulating the research variables. The results of the analysis are expected to provide a comprehensive picture of the condition of regional financial performance and serve as evaluation material for local governments in improving the quality of financial governance that is more transparent, accountable, and oriented towards improving regional government performance.

ABSTRAK

Penerapan prinsip good governance menjadi tuntutan fundamental dalam penyelenggaraan pemerintahan daerah, terutama setelah diberlakukannya kebijakan otonomi daerah yang memberikan kewenangan lebih luas kepada pemerintah daerah dalam mengelola sumber daya serta keuangan daerah secara mandiri. Penelitian ini bertujuan untuk menganalisis kinerja keuangan Pemerintah Daerah Kabupaten Rembang sebagai salah satu indikator keberhasilan pelaksanaan otonomi daerah. Analisis dilakukan dengan menggunakan pendekatan rasio keuangan APBD yang meliputi rasio kemandirian, rasio efektivitas, dan rasio efisiensi. Penelitian ini menggunakan pendekatan deskriptif kuantitatif, yang bertujuan untuk menggambarkan serta menganalisis kondisi keuangan daerah berdasarkan data yang tersedia tanpa melakukan manipulasi terhadap variabel penelitian. Hasil analisis diharapkan dapat memberikan gambaran yang komprehensif mengenai kondisi kinerja keuangan daerah sekaligus menjadi bahan evaluasi bagi pemerintah daerah dalam meningkatkan kualitas tata kelola keuangan yang lebih transparan, akuntabel, dan berorientasi pada peningkatan kinerja pemerintahan daerah.

INTRODUCTION

In the reform era, the implementation of good governance principles has become a primary demand in public administration. These principles encompass accountability, transparency, compliance with the law, effectiveness, efficiency, and public participation in the development process. Good governance emphasizes not only regulatory

compliance but also the government's ability to account for its performance and budget execution to the public in an open, transparent, and equitable manner.

The regional autonomy policy—strengthened through Law No. 32 of 2004 on Regional Government and Law No. 33 of 2004 on Fiscal Balance Between the Central Government and Regional Governments—marked a paradigm shift in Indonesia's governance system, moving from a centralized to a decentralized structure. Through this policy, regional governments were granted broader authority to regulate and manage their own affairs, including regional financial management. The implementation of fiscal decentralization is expected to drive regional economic growth, accelerate equitable development, strengthen public accountability, and optimize the utilization of regional potential more effectively.

As a consequence of this authority, regional governments are required to manage the Regional Revenue and Expenditure Budget (*Anggaran Pendapatan dan Belanja Daerah* or APBD) effectively, efficiently, transparently, and accountably. Regional financial management must be directed toward improving public welfare and providing high-quality public services. Furthermore, regional financial accountability reports must be prepared periodically and audited to ensure the credibility and reliability of the financial information presented to the public.

The successful implementation of regional autonomy is heavily influenced by the financial performance of regional governments. This performance can be analyzed through various indicators reflected in APBD financial ratios, such as the financial independence ratio, effectiveness ratio, and efficiency ratio. Analyzing these financial ratios is essential to determine the extent to which regional governments can tap into their own local revenue (*Pendapatan Asli Daerah* or PAD), manage regional expenditures optimally, and reduce dependency on central government transfer funds. Based on this rationale, this study is titled “Budget Accountability and Effectiveness: A Financial Analysis of Rembang Regency,” aiming to analyze the financial performance of the Rembang Regency Government as an indicator of success in implementing regional autonomy. Additionally, this study is expected to serve as evaluation material for local government efforts to enhance financial governance—making it more transparent, accountable, and oriented toward improving local government performance.

RESEARCH METHODS

This study uses a descriptive quantitative approach aimed at describing and analyzing regional financial conditions based on available data without manipulating research variables. The quantitative approach was selected because this study processes numerical data sourced from the Regional Revenue and Expenditure Budget (*Anggaran Pendapatan dan Belanja Daerah* or APBD) and regional government financial reports.

This study also falls under the category of library research utilizing documentation techniques. Through these techniques, the researcher collects, records, and analyzes various documents related to regional financial reports relevant to the study. The documents used include budget realization reports, regional revenue reports, regional expenditure reports, and other supporting documents related to regional financial management.

The data source used in this study is secondary data, which consists of data published by official regional government institutions through official websites and annual financial report documents. The obtained data is then presented in tables and percentage calculations to facilitate the analysis process.

Furthermore, the calculation results are interpreted based on regional financial ratio evaluation criteria to determine the level of accountability, effectiveness, and efficiency in regional budget management.

RESULTS AND DISCUSSION

Budget accountability reflects the regional government's ability to account for budget execution in accordance with predetermined plans. A realization rate of 98.80% indicates that revenue targets were drafted rationally and successfully achieved.

Local Revenue (*Pendapatan Asli Daerah* or PAD) realized above target (100.44%) demonstrates an improvement in the management performance of the region's revenue sources, particularly local taxes and returns on separated regional wealth management. This condition strengthens the indicators of regional fiscal accountability, as the government was able to optimize revenue potential without over-relying on central government transfer funds.

Budget effectiveness is analyzed through the regional expenditure's capacity to support the achievement of development goals and public services. A regional expenditure realization rate of 93.79% shows that the majority of planned programs and activities were carried out. Among the implemented activities and programs, operational expenditure dominated the structure of regional spending, focusing primarily on personnel as well as goods and services expenditures. Meanwhile, capital expenditure reached 88.23% of its budget, indicating room for improvement in physical and infrastructure development execution.

The analysis of regional financial performance in this study utilizes secondary data sourced from the Notes to the Financial Statements (*Catatan Atas Laporan Keuangan* or CALK) for Fiscal Year 2018 of the Rembang Regency Government. The analysis focuses on two main aspects—budget accountability and budget effectiveness—represented through budget realization rates and regional financial ratios. Overall, Rembang Regency's budget realization performance in Fiscal Year 2018 demonstrated high achievements. Regional revenue was realized at IDR 1.794 trillion of the targeted IDR 1.816 trillion, while regional expenditure was realized at IDR 1.464 trillion out of the budgeted IDR 1.561 trillion.

Table 1
CALK Kabupaten Rembang

Component	Budget(Rp)	Realization (Rp)	Realization Level (%)
<i>Pendapatan daerah</i>	1.816.656.942.094	1.794.911.075.230	98.80
<i>Pendapatan Asli Daerah</i>	304.351.906.094	305.676.436.263	100.44
<i>Belanja Daerah</i>	1.561.292.212.018	1.464.321.519.614	93.79

Source: *CALK Kabupaten Rembang in 2018*

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Table 2

Realisasi Belanja Daerah Kabupaten Rembang

<i>Spending Type</i>	<i>Budget (Rp)</i>	<i>Realization (Rp)</i>	<i>Realization Level (%)</i>
<i>Belanja Operasi Operational Spending</i>	1.210.071.952.273	1.154.873.013.719	95.44
<i>Capital Speding</i>	350.720.259.745	309.448.505.895	88.23

Source: *CALK Kabupaten Rembang in 2018*

The analysis results indicate that Rembang Regency has a good level of budget accountability. This is reflected in the high realization of regional revenue, including Local Revenue (*Pendapatan Asli Daerah* or PAD), as well as compliance with regulations in regional financial management. This condition indicates that the regional government has managed the budget relatively transparently and accountably, in accordance with the principles of good governance.

From the effectiveness perspective, the utilization of regional expenditures has been directed toward priority development programs. However, capital expenditure realization—which is not yet fully optimal—shows that there is still a need to enhance capacity in the budget planning process and the execution of regional development projects to maximize budget utilization.

Furthermore, a PAD effectiveness rate reaching 100.44% alongside an expenditure efficiency ratio of 81.58% demonstrates that regional financial management has been operating effectively and efficiently. This condition reflects the regional government's ability to optimize generated revenue while proportionally controlling budget expenditures.

Overall, these results show that Rembang Regency's financial management has supported the implementation of good governance principles, particularly regarding accountability and efficiency in the use of public budgets.

CONCLUSION

Conclusion

Based on the results of the analysis and discussion regarding budget effectiveness in the Rembang Regency Government for Fiscal Year 2018, it can be concluded that the budget accountability level of Rembang Regency is categorized as high. This is reflected in the regional revenue realization rate reaching 98.80%, indicating that the budget planning and execution processes were conducted realistically and accountably. Local Revenue (*Pendapatan Asli Daerah* or PAD) also demonstrated highly effective performance with an effectiveness ratio of 100.44%, illustrating the regional government's capability to independently optimize its revenue potential. On the regional expenditure side, budget effectiveness was classified as good with an expenditure realization rate of 93.79%, indicating that most planned programs and activities were executed according to set budget targets. Furthermore, the regional expenditure efficiency ratio of 81.58% shows that regional budget utilization was managed relatively efficiently, keeping expenditures within proportional limits compared to earned regional revenue. Nevertheless, the capital expenditure realization—which was not fully optimal—shows that challenges remain in implementing physical and infrastructure development programs. Therefore, overall, it can be concluded that Rembang Regency's regional financial management in Fiscal Year 2018 demonstrated strong quantitative accountability and effectiveness, reflecting the application of good governance principles.

Recommendations

Based on the research findings, the regional government is expected to maintain consistency in formulating realistic and measurable budget planning to preserve budget

management accountability in future periods. In addition, the optimization of Local Revenue (PAD)—which has shown highly effective performance—needs to be accompanied by efforts to diversify local revenue sources to reduce reliance on central government transfer funds. The regional government also needs to enhance the quality of planning, control, and oversight of capital expenditures, particularly during the execution phase of development programs, ensuring that development budget realization proceeds more optimally, on schedule, and yields greater benefits for the public. Furthermore, budget performance evaluation should not focus solely on budget absorption rates, but should also consider the outcomes and impacts of budget utilization on improving public welfare and the quality of public services.

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