

# Financial Performance Analysis of the Depok City Health Department in 2020-2022

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## Abstract

This study aims to analyze the financial performance of the Depok City Health Office in the 2020-2022 period. Financial performance is analyzed using several methods, namely Value For Money, variance analysis, growth analysis, and expenditure compatibility analysis. This research utilizes secondary data from the Government Agency Performance Accountability Report (LAKIP) and Budget Realization Report (LRA) of the Depok City Health Office for three periods. The research method used is descriptive with a quantitative approach. Data were collected through documentation techniques. The results showed that the financial performance of the Depok City Health Office based on the Value for Money method during the 2020-2022 period was classified as economical. Efficiency and effectiveness ratios fluctuated, not reaching the efficient and effective level in 2020 and 2021, but reaching the efficient and effective category in 2022. The variance ratio shows fluctuating development with instability in revenue variance and consistently favorable expenditure variance performance. Based on the growth ratio, there is an overall positive trend in financial performance, although there are significant fluctuations in 2020-2021. The year 2022 shows a drastic improvement in both revenue growth and expenditure growth, indicating a significant improvement in financial performance. The expenditure compatibility ratio showed fluctuating results but experienced a positive trend over the three periods in the management of operating and capital expenditures, evidenced by an increase in the budget utilization harmony category in 2022.

**Keywords:** Financial Performance, Value for Money, Variance, Growth, Compatibility of Expenditure

## **1. Introduction**

The Regional Work Unit (SKPD) is a critical component of the local administration structure. This is further substantiated by Presidential Regulation Number 29 of 2014, which pertains to the Government Agency Performance Accountability System (SAKIP). The regulation underscores that SKPD is required to prepare a Performance Report on work achievements based on the use of the allocated budget and functions as a budget or goods user..

One example of an SKPD that plays a significant role in the provision of comprehensive and integrated health services to the community is the Depok City Health Office. Health services are a fundamental necessity for humans and are one of the indicators of a city's success. The Health Office conducts a variety of programs and activities annually that necessitate accounting. The Depok City Health Office generates a Government Agency Performance Accountability Report (LAKIP) as a measure of accountability.

The Government Agency Performance Accountability Report (LAKIP) of the Depok City Health Office has described the realization of budget use, but the absence of detailed financial performance measurements is an obstacle in assessing the extent to which the budget has been properly utilized to improve the quality of health services for the community. Therefore, the limitations in this LAKIP indicate the need for improvement in order to provide a more comprehensive picture of the financial performance of the Depok City Health Office in the future. This is in line with the Minister of Finance Regulation Number 62 Year 2023 on Budget Planning, Budget Implementation, and Financial Accounting and Reporting, which emphasizes the importance of quantitative financial performance measurement.

Financial performance measurement is an important instrument in ensuring the economic, effective, efficient and fair use of public funds. This is in accordance with the mandate of Law Number 23 of 2014 concerning Regional Government, which emphasizes the importance of orderly, rule-abiding, transparent, and responsible regional financial management. Therefore, financial performance measurement is an important aspect to realize the accountability of government agencies.

The concept of Value For Money is one method that can be employed to evaluate financial performance in SKPD. Value for Money is a concept that evaluates financial performance by considering three primary factors: economy, efficiency, and efficacy (Mardiasmo, 2018). The Ministry of Finance emphasizes that the implementation of Value For Money has the potential to enhance the overall performance of the public sector and increase accountability.

However, research by Prasetyo et al (2022) shows the need for additional measurements to complement the VfM analysis. One way to complement it is by utilizing the Budget Realization Report (LRA). Mahmudi (2019) argues that the LRA is a valuable source of information for assessing regional financial performance. Lantowa & Machmud (2020) reveal that variance analysis, growth, and compatibility of spending are very important to determine financial performance as seen from the work of the budget and the realization of the APBD each year.

## **2. Literature Review**

### **2.1 Performance Accountability**

Based on Presidential Regulation Number 29 of 2014 concerning the Government Agency Performance Accountability System (SAKIP), it is revealed that Performance Accountability

is a manifestation of the obligation of a government agency to account for the success/failure of the implementation of programs and activities that have been mandated by stakeholders in order to achieve the organization's mission in a measurable manner with predetermined performance targets/objectives through government agency performance reports that are prepared periodically.

## 2.2 Financial Performance

Government Regulation of the Republic of Indonesia Number 8 of 2006 Article 1 paragraph (2) defines performance as the output/results of activities/programs that are to be or have been achieved in relation to the use of the budget with measurable quantity and quality. The significance of this definition is that performance must be quantifiable and evaluated in relation to predetermined standards. An organization's health and prosperity are evaluated through its financial performance. According to Mahsun (2019), the financial performance of a local government is a measure of the extent to which the financial administration of the implementation of a policy program activity is successful in achieving the goals, objectives, vision, and mission of the local government.

## 2.3 Performance Measurement

According to Mardiasmo (2018), the purpose of public sector performance measurement is to serve three main functions: to improve institutional communication, allocate decision-making resources, and promote public accountability. On the other hand, Indra Bastian (2016) points out that public sector performance measurement serves as a mechanism to improve accountability and decision-making. As a result, organizations can build a solid foundation for decision-making by evaluating organizational performance.

## 2.4 Value For Money Analysis

According to the Ministry of Finance, Value For Money is a concept used to evaluate public sector performance. This concept indicates whether the allocated budget (funds) produces a certain value for the community. Value for Money, as defined by Mardiasmo (2018), is a paradigm in managing public sector organizations that is based on three main components: efficiency, effectiveness, and economy. In the value for money method, the following ratios are used:

### a) Economic Ratio

A concise definition of economics is the concept of savings, which emphasizes input issues, particularly in the context of resource acquisition. The economic approach underscores the significance of acquiring resources at a reduced cost, which is more in line with the current market value (Akbar, 2020).

The formula used by Mardiasmo (2018) to calculate the economic level is as follows:

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

Here are the criteria for the economic ratio:

**Table 2. 1 Economic Ratio Criteria**

| Value       | Description           |
|-------------|-----------------------|
| $x < 100\%$ | Economical            |
| $x = 100\%$ | Economically Balanced |
| $x > 100\%$ | Uneconomical          |

Source: Mahsun (2019)

b) Efficiency Ratio

Efficiency is assessed by comparing the output produced with the input used (cost of output) (Mahsun, 2019). Operational activity processes are considered efficient when they can produce a specific product or work outcome with minimal inputs and resources. Efficiency is assessed using the subsequent formula, as proposed by Mardiasmo (2018).

$$\text{Efficiency Ratio} = \frac{\text{Percentage of performance results achieved}}{\text{Percentage of expenditure realization}} \times 100\%$$

The following are the criteria for the efficiency ratio

**Table 2. 2 Efficiency Ratio Criteria**

| Value       | Description         |
|-------------|---------------------|
| $x < 100\%$ | Inefficient         |
| $x = 100\%$ | Balanced Efficiency |
| $x > 100\%$ | Efficient           |

Source: Mahsun (2019)

c) Effectiveness Ratio

Mahsun (2019) defines effectiveness as the correlation between outputs and goals or objectives that must be achieved. The main focus of this definition of effectiveness is the achievement of policy goals or objectives. Operational activities are considered effective when the activity process achieves the final goals and objectives of the policy. The following is Mardiasmo's (2018) formula for evaluating effectiveness:

$$\text{Effectiveness Ratio} = \frac{\text{Percentage of performance results achieved}}{\text{Percentage of performance targets to be achieved}} \times 100\%$$

Here are the criteria for the effectiveness ratio

**Table 2. 3 Effectiveness Ratio Criteria**

| Value       | Description            |
|-------------|------------------------|
| $x < 100\%$ | Ineffective            |
| $x = 100\%$ | Balanced Effectiveness |
| $x > 100\%$ | Effective              |

Source: Mahsun (2019)

## 2.5 Analysis of Budget Realization Report

The Budget Realization Report (LRA) is a valuable source of information for evaluating the financial performance of a region, according to Mahmudi (2019). As a result, the Budget Realization Report is one of the primary regional financial accountability reports. Several analyses can be conducted using the information contained in the Budget Realization Report.

a) Variance

A variance analysis is defined by Mahmudi (2019) as an examination of the disparity or discrepancy between the budget available for the fiscal year and the actual realization.

1) Expenditure Variance

The formula for calculating shopping variance is as follows:

$$\text{Expenditure Variance} = \text{Expenditure Realization} - \text{Expenditure Budget}$$

2) Revenue Variance

The formula for calculating income variance is as follows:

$$\text{Revenue Variance} = \text{Revenue Realization} - \text{Revenue Budget}$$

According to Mahmudi (2019) the following are the criteria for assessing the performance of variances in income and expenditure

**Table 2. 4 Variance Criteria**

| Description                                  | Variance Criteria    |
|--|----------------------|
| Revenue Realization > Revenue Budget         | Favorable variance   |
| Expenditure Realization < Budget             |                      |
| Revenue Realization < Revenue Budget         | Unfavorable variance |
| Expenditure Realization > Expenditure Budget |                      |

Source: Mahmudi (2019)

b) Growth

A local government's growth rate can be defined as the degree to which it is able to sustain and enhance its success from one period to the next, taking into account the degree to which the agency is efficient in using its existing budget to fund all of its activities (Mahmudi, 2019). Realization of budget items has increased, according to the findings of the growth ratio calculation, which yields a positive figure. The realization of the budget post decreases if the number is negative.

1) Expenditure Growth

Expenditure growth can be formulated as follows:

$$\frac{\text{Revenue Growth Year (y)}}{\text{Revenue Realization year (y) - Revenue Realization year (y-1)}} \times 100\%$$

2) Revenue Growth

Income growth can be formulated as follows:

$$\frac{\text{Expenditure Growth Year (y)}}{\text{Expenditure Realization year (y) - Expenditure Realization year (y-1)}} \times 100\%$$

The following are the growth analysis criteria according to Mahmudi (2019)

**Table 2. 5 Growth Ratio Criteria**

| Criteria | Size     |
|----------|----------|
| Up       | Positive |
| Down     | Negative |

Source: Mahmudi (2019)

c) Compatibility of expenditure

The equilibrium between expenditures can be ascertained through expenditure compatibility analysis. This pertains to the Expenditure Growth budget's role as a mechanism for stabilization, allocation, and distribution. Local governments must coordinate their expenditures in order to ensure the smooth operation of the budget function (Mahmudi, 2019). Analysis of expenditure harmony encompasses:

1) Analysis of Operating Expenditure against Total Expenditure

A comparison between total operating expenditure and total regional expenditure is called an operating expenditure-to-total expenditure analysis. This ratio provides the report's consumer with information regarding the proportion of regional expenditure that is allocated to operating expenditure. In certain instances, operating expenditures are routine or recurring, and they are short-term in nature, as their benefits are utilized within a single fiscal year. In general, the standard measurement of operating expenditure is the dominant factor in total regional expenditure, which ranges from 60 to 90 percent (Mahmudi, 2019).

The ratio of operating expenditure to total expenditure can be formulated as follows:

$$\frac{\text{Ratio of Operating Expenditure to Total Expenditure}}{\text{Expenditure}} = \frac{\text{Realization of Operating Expenditure}}{\text{Total Regional Expenditure}}$$

2) Analysis of Capital Expenditure against Total Expenditure

A comparison between the total realization of capital expenditure and the total regional expenditure allocated for investment in the form of capital expenditure in the relevant fiscal year is the analysis of capital expenditure on total expenditure. Typically, the conventional measurement of capital expenditure in relation to total regional expenditure ranges from 5% to 20% (Mahmudi, 2019). The following is a formula for the ratio of capital expenditure to total expenditure:

$$\frac{\text{Ratio of Capital Expenditure to Total Expenditure}}{\text{Expenditure}} = \frac{\text{Capital Expenditure Realization}}{\text{Total Regional Expenditure}}$$

According to Mahmudi (2019), the criteria for compatibility analysis are as follows:

**Table 2. 6 Compatibility of Expenditure Criteria**

| Value of Operating Expenditure | Value of Capital Expenditure | Description |
|--------------------------------|------------------------------|-------------|
| 60-90%                         | 5-20%                        | Harmonious  |
| <60% or >90%                   | <5% or >20%                  | Mismatched  |

Source: Mahmudi (2019)

### 3. Materials and Method

#### 3.1 Design Study

This study evaluates the financial performance of programs and activities implemented by the Depok City Health Office by analyzing the Government Agency Performance Accountability Report (LAKIP) and Budget Realization Report (LRA) for 2020-2022. The data acquisition method employed in this study is secondary data documentation. Data utilized in this investigation are secondary sources, specifically <https://ppid.depok.go.id/> and <https://cms.depok.go.id/>.

### 3.2 Data Analysis

Descriptional analysis is implemented in this investigation through quantitative methodologies. Analyzing this investigation involves the following stages or steps:

- a) Collection of necessary data, such as the Government Agency Performance Accountability Report (LAKIP) and the Depok City Health Office Budget Realization Report for 2020-2022.
- b) Calculating data using several methods such as Value For Money, variance analysis, growth and spending compatibility. Variable operationalization process (Proxy Measurement) as follows:

**Table 3.1 Variable Operationalization**

| Ratio   | Formula   |        |
|---|---|--------|
| Economic Ratio                                      | $\frac{\text{Expenditure Realization}}{\text{Expenditure Budget}}$  | X 100% |
| Efficiency Ratio                                    | $\frac{\text{Percentage of performance results achieved}}{\text{Percentage of expenditure realization}}$                                | X 100% |
| Effectiveness Ratio                                 | $\frac{\text{Percentage of performance results achieved}}{\text{Percentage of performance targets to be achieved}}$                     | X 100% |
| Revenue Variance                                    | Revenue Realization - Revenue Budget  |        |
| Expenditure Variance                                | Expenditure Realization - Expenditure Budget  |        |
| Revenue Growth Year (y)                             | $\frac{\text{Revenue Realization year (y)} - \text{Revenue Realization year (y-1)}}{\text{Revenue Realization year (y-1)}}$             | X 100% |
| Expenditure Growth Year (y)                         | $\frac{\text{Expenditure Realization year (y)} - \text{Expenditure Realization year (y-1)}}{\text{Expenditure Realization year (y-1)}}$ | X 100% |
| Ratio of Operating Expenditure to Total Expenditure | $\frac{\text{Realization of Operating Expenditure}}{\text{Total Regional Expenditure}}$   |        |
| Ratio of Capital Expenditure to Total Expenditure   | $\frac{\text{Capital Expenditure Realization}}{\text{Total Regional Expenditure}}$  |        |

- c) Provide a description and interpretation of the data based on the calculation results by referring to the criteria applicable to each analysis method.
- d) Drawing conclusions from the research results related to the research questions and research objectives.

#### 4. Result

##### a) Results of Data Analysis of the Financial Performance of the Depok City Health Office using the Value For Money method

###### 1) Economic Ratio

**Table 4.1** Results of the Economic Ratio Analysis of the Depok City Health Office in 2020-2022

| Year | Expenditure<br>Realization (in<br>million rupiah) | Expenditure Budget<br>(in million rupiah) | Economical            | Criteria   |
|------|---|---|-----------------------|------------|
|      | (1)   | (2)                                       | (3) = (2/1) x<br>100% |            |
| 2020 | 256.707   | 221.339                                   | 86,22%                | Economical |
| 2021 | 429.020   | 375.435                                   | 87,51%                | Economical |
| 2022 | 800.471   | 678.988                                   | 84,82%                | Economical |

Source: Data processed by the author (2024)

The financial performance of the Depok City Health Office during the three periods of the 2020-2022 fiscal year is characterized as economical, as indicated by table 4.1. The most significant value was obtained in 2021, specifically 87,51%. The lowest value was attained in 2022, with a value of 84,82%. The improved economic level is indicated by a reduced resulting percentage.

###### 2) Efficiency Ratio

**Table 4.2** Calculation Results of Efficiency Ratio of Depok City Health Office in 2020-2022

| Year | Performance<br>Realization<br>(%) | Expenditure<br>Realization<br>(%) | Efficiency         | Criteria    |
|------|-----------------------------------|-----------------------------------|--------------------|-------------|
|      | (1)                               | (2)                               | (3) = (1/2) x 100% |             |
| 2020 | 83,69%                            | 84,93%                            | 98,54%             | Inefficient |
| 2021 | 56,93%                            | 89,74%                            | 63,44%             | Inefficient |
| 2022 | 107,18%                           | 86,83%                            | 123,44%            | Efficient   |

Source: Data processed by the author (2024)

Based on table 4.2 as a whole during the three periods of the 2020-2022 fiscal year, it is said to be inefficient because it produces an average efficient ratio of less than 100%, namely 95%. However, in 2022 it reached an efficient level because it showed an efficiency value of 123,44%. For 2020 to 2021, the results are inefficient because they are less than 100%. The higher the percentage produced shows the better the level of efficiency achieved.



### 3) Effectiveness Ratio

**Table 4.3** Calculation Results of the Effectiveness Ratio of the Depok City Health Office in 2020-2022

| Year | Effectiveness | Criteria    |
|------|---------------|-------------|
| 2020 | 83,78%        | Ineffective |
| 2021 | 44,13%        | Ineffective |
| 2022 | 110,01%       | Effective   |

Source: Data processed by the author (2024)

Based on table 4.3 as a whole during the three periods of the 2020-2022 fiscal year it is said to be ineffective because it produces an average effectiveness ratio of less than 100%, which is only worth 79,31%. However, in 2022 it reached the level of effectiveness because it showed an efficiency value of 110%. For 2020 to 2021, the results were ineffective because they were below 100%.

## b) Results of Data Analysis of the Financial Performance of the Depok City Health Office using Variance analysis

### 1) Expenditure Variance

**Table 4.4** Results of Expenditure Variance Analysis of Depok City Health Office for 2020-2022

| Year | Expenditure Realization (in million rupiah) | Expenditure Budget (in million rupiah) | Expenditure Variance | Criteria           |
|------|---|--|----------------------|--------------------|
|      | (1)   | (2)                                    | (3) = (1-2)          | (4)                |
| 2020 | 305.940                                     | 342.088                                | -36.148              | Favorable variance |
| 2021 | 370.607                                     | 415.020                                | -44.413              | Favorable variance |
| 2022 | 678.958                                     | 800.471                                | -121.512             | Favorable variance |

Source: Data processed by the author (2024)

Based on the calculation of the expenditure variance ratio as shown in Table 4.4, overall the difference between budget and expenditure realization at the Depok City Health Office during 2020-2022 is included in the favourable variance with an average of 88%. This shows that there is an optimal difference in expenditure because it does not exceed the budget.

### 2) Revenue Variance

**Table 4.5** Results of Revenue Variance Analysis of Depok City Health Office in 2020-2022

| Year | Revenue Realization (in million rupiah) | Revenue Budget (in million rupiah) | Revenue Variance | Criteria             |
|------|---|------------------------------------|------------------|----------------------|
|      | (1)                                     | (2)                                | (3) = (1-2)      | (4)                  |
| 2020 | 53.245                                  | 55.198                             | (1.953)          | Unfavorable variance |
| 2021 | 51.899                                  | 51.297                             | 602              | Favorable variance   |
| 2022 | 192.010                                 | 203.022                            | (11.012)         | Unfavorable variance |

Source: Data processed by the author (2024)

Based on the calculation with the revenue variance ratio as shown in Table 4.5, overall the difference between the revenue realization and budget at the Depok City Health Office during 2020-2022 is included in the unfavorable variance. However, in 2021 it resulted in a favorable difference due to the achievement of local revenue that exceeded the target by IDR 602,235,295.

**c) Results of Data Analysis of the Financial Performance of the Depok City Health Office using growth analysis**

**1) Revenue Growth**

**Table 4.6** Results of Revenue Growth Analysis of Depok City Health Office in 2020-2022

| Year | Revenue Realization (in million rupiah) | Previous Year Revenue Realization (in million rupiah) | Growth               | Criteria |
|------|---|---|----------------------|----------|
|      | (1)                                     | (2)   | (3) = (1-2)/2 x 100% |          |
| 2020 | 53.245                                  | 60.254  | -12%                 | Negative |
| 2021 | 51.899                                  | 53.245  | -3%                  | Negative |
| 2022 | 192.010                                 | 51.899  | 270%                 | Positive |

Source: Data processed by the author (2024)

Based on the findings of the calculation of the revenue growth ratio in Table 4.6, the revenue growth of the Depok City Health Office from 2020 to 2022 is generally quite good. Although in 2020 to 2021 there was negative growth, namely -12% and -3%. However, there was a significant increase in 2022, which amounted to 270%.

**2) Expenditure Growth**

**Table 4.6** Results of Expenditure Growth Analysis of Depok City Health Office in 2020-2022

| Year | Expenditure Realization (in million rupiah) | Expenditure Realization in the Previous Year (in million rupiah) | Growth               | Criteria |
|------|---|--|----------------------|----------|
|      | (1)   | (2)  | (3) = (1-2)/2 x 100% |          |
| 2020 | 305.940                                     | 275.845  | 11%                  | Positive |
| 2021 | 370.607                                     | 305.940  | 21%                  | Positive |
| 2022 | 678.958                                     | 370.607  | 83%                  | Positive |

Source: Data processed by the author (2024)

Based on the findings of the growth ratio calculation in Table 4.6, the growth of Depok City Health Office expenditure from 2020 to 2022 experienced positive growth. This is indicated by the average growth of 38%. The largest increase rate occurred in 2022 by 83%, while the lowest increase rate occurred in 2020 by 11%.

d) **Results of Data Analysis of the Financial Performance of the Depok City Health Office using expenditure compatibility analysis**

1) Ratio of Operating Expenditure to Total Expenditure

**Table 4.7** Results of Analysis of the Ratio of Operating Expenditure to Total Expenditure of the Depok City Health Office in 2020-2022

| Year | Operating<br>Expenditure<br>(in million<br>rupiah) | Total<br>Expenditure<br>(in million<br>rupiah) | Operating<br>Expenditure Ratio | Criteria   |
|------|--|--|--------------------------------|------------|
|      | (1)  | (2)  | (3) = (1/2) x 100%             |            |
| 2020 | 295.029  | 305.940  | 96,43%                         | Mismatched |
| 2021 | 339.804  | 370.607  | 91,69%                         | Mismatched |
| 2022 | 587.374  | 678.958  | 86,51%                         | Harmonious |

Source: Data processed by the author (2024)

According to the table above, the Depok City Health Office's financial performance is classified as less harmonious due to the average of 91,54% for the ratio of operating expenditure to total expenditure for 2020-2022. The highest value was achieved in 2020 at 96,43%, while the lowest ratio was 86,51% in 2022.

2) Ratio of Capital Expenditure to Total Expenditure

**Table 4.8** Results of Analysis of the Ratio of Capital Expenditure to Total Expenditure of the Depok City Health Office in 2020-2022

| Year | Capital<br>Expenditure (in<br>million rupiah) | Total<br>Expenditure<br>(in million<br>rupiah) | Capital<br>Expenditure<br>Ratio | Criteria   |
|------|---|--|---------------------------------|------------|
|      | (1)   | (2)  | (3) = (1/2) x<br>100%           |            |
| 2020 | 10.910  | 305.940  | 3,57%                           | Mismatched |
| 2021 | 30.802  | 370.607  | 8,31%                           | Harmonious |
| 2022 | 91.584  | 678.958  | 13,49%                          | Harmonious |

Source: Data processed by the author (2024)

As indicated in the aforementioned table, the Depok City Health Office's financial performance is classified as harmonious due to the average 8,46% ratio of capital expenditure to total expenditure in 2020-2022. The ratio is at its lowest in 2020, at 3,57%, and its highest in 2022, measured at 13,49%.

## 5. Discussion

Based on the results of the above analysis, the following discussion can be drawn:

- a) The Depok City Health Office during the 2020-2022 period as a whole was in the economic category but inefficient and ineffective. This is because in 2020 to 2021 it has not met the criteria for efficient and effective ratios because it produces a value below 100%. Inefficiency was shown in 2020 which resulted in an efficient ratio of 98,54% and in 2021 of 63,44%. Meanwhile, ineffectiveness was also shown in 2020 and 2021 which resulted in values of 83,78% and 44,13%. However, in 2022 it showed efficient and effective results with a significant increase. The inefficiency and ineffectiveness were

caused by the Covid-19 Pandemic which made several performance indicators not achieved and the program was not implemented properly. During the Covid-19 pandemic, accreditation surveys could not be carried out, but pre-survey assistance activities were still carried out.

- b) The calculation results in 2020-2022 of the Depok City Health Office resulted in fluctuating revenue variances and favorable expenditure variances during the three periods. For revenue variances in 2020 and 2022, it produces an unfavorable difference because the realization of Depok City Health Office revenue is lower than the predetermined budget. This is due to the BLUD revenue account which resulted in optimal realization in these two periods. However, in 2021 it resulted in a favorable income difference. Meanwhile, the variance in expenditure from 2020 to 2022 resulted in a favorable difference because the realization of expenditure did not exceed the budgeted target. Overall, the expenditure management of the Depok City Health Office during this period reflects good and accountable management, demonstrating the agency's ability to manage the budget optimally in the midst of existing economic challenges.
- c) The Depok City Health Office in 2020-2022 experienced fluctuating revenue growth and positive expenditure growth for three consecutive periods. Negative revenue growth in 2020 and 2021 is due to a decrease in the realization of locally generated revenue. In 2020 there was a decrease in local revenue of 12% from 2019, then in 2021 there was a decrease in local revenue of 3% from 2020. However, in 2022 there was a very significant increase in revenue, namely 270% from 2021. This is because in 2022 all BLUD hospital revenues are recorded in the health department's financial statements so that the Health Office's revenue does not only come from puskesmas but also from regional public hospitals. For expenditure growth in the three periods experienced positive growth, with very high growth in 2022. The very high increase in 2022 was due to an increase in expenditure for the BLUD service support program. In 2022 this program experienced an increase in expenditure realization of 342% from 2021.
- d) The expenditure compatibility of the Depok City Health Office in the period 2020-2022 shows a mixed trend. In 2020 and 2021, operating expenditure was classified as less harmonious because the realization of personnel expenditure and goods and services reached a high level, exceeding 90%. However, in 2022, an adjustment occurred so that operating expenditure reached the criteria for harmony with a value of 86,51%. On the other hand, capital expenditure in 2020 was classified as less harmonious because its value was only 3,57%, lower than 5%. This is due to the budget focus on the Communicable and Non-Communicable Disease Prevention program, where capital expenditure is only 1% of the total budget. In contrast to 2020, capital expenditure in 2021 and 2022 reached the criteria for harmony with values of 8,31% and 13,49% because they were between 5% and 20% respectively.

## **6. Conclusion, Implication, and Recommendation**

Based on the calculations and data analysis, the following conclusions can be drawn:

- a) The financial performance of the Depok City Health Office based on the Value for Money method shows that during the 2020-2022 period it was classified as economical with budget savings. The efficiency and effectiveness ratios fluctuate, where they have not

reached the efficient and effective levels in 2020 and 2021, but improved significantly in 2022. This fluctuation is influenced by external factors such as the COVID-19 pandemic. Nevertheless, the trend of financial performance shows a positive increase in 2022.

- b) The financial performance of the Depok City Health Office based on variance analysis during 2020-2022 shows the development of fluctuations. The revenue variance shows instability, with negative values in 2020, increasing positively in 2021, and returning to negative in 2022, indicating inconsistent revenue achievement. However, the expenditure variance shows consistently favorable performance, with expenditure realization lower than the budget, reflecting optimal budget management.
- c) The financial performance of the Depok City Health Office based on growth analysis over the period 2020-2022 shows an overall positive trend. Although there were significant fluctuations in revenue growth in 2020-2021 which showed a negative trend, 2022 recorded a very significant change with revenue growth jumping dramatically. This indicates a significant improvement in the financial performance of the Depok City Health Office, which has consistently achieved positive growth.
- d) The financial performance of the Depok City Health Office based on the ratio of expenditure compatibility for the period 2020-2022, it can be concluded that it shows fluctuating results but has experienced a positive trend over three periods in the management of operating expenditure and capital expenditure. This is evidenced by an increase in the category of compatibility of budget use in 2022 for operating expenditure and capital expenditure.

This research contributes theoretically by enriching the literature on the concepts of Value for Money, variance, growth, and compatibility of expenditure in measuring public sector financial performance, which can be the basis for further studies. Practically, this study identifies areas in the Depok City Health Office that are not optimal in financial management, such as inefficient use of budget and resource allocation. With this understanding, the Health Office and the Depok City Government are expected to take concrete steps to improve operational efficiency, revise ineffective policies, and implement better financial management practices to ensure that each budget provides maximum added value for the community and achieve long-term strategic goals in health services.

Future researchers are expected to expand the analysis period beyond three years to get a more comprehensive picture of trends and changes in financial performance. Future researchers are expected to include qualitative aspects in the analysis, such as case studies or policy analysis, to understand the factors that affect financial performance that cannot be measured quantitatively. Further researchers can add that in addition to secondary data, primary data collection through interviews or questionnaires with relevant parties can provide deeper insights and complement existing data.

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