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Budget Execution Performance Analysis: A Case Study of Work Units in the Bogor State Treasury Service Office Work Area

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Abstract

Budget execution performance indicators are instruments for measuring the performance of work unit budget execution. Budget execution performance indicators reflect the strengthening of spending better. The purpose of this study was to determine how to improve the performance of work unit budget execution and how to improve the competence of work unit financial managers. The research method used was qualitative with a case study approach. Data were obtained from in-depth interviews and document searches. Data analysis went through the stages of data codification, data presentation, and drawing conclusions. This study produced findings to improve budget execution performance by conducting planning according to needs, preparing fund withdrawal plans based on activity plans, budget execution according to planning, procurement of goods/services with e-purchasing, coordination among work unit financial managers, procurement officers, and also activity owners, monitoring and evaluation of budget execution, appointment of competent work unit financial managers and procurement officers. Competence improvement was carried out through participating in training, independent and continuous learning, participating in socialization, establishing communication with relevant agencies, and holding discussions with fellow financial managers and procurement officers. This study recommends reducing the performance scores of work units whose budget absorption peaks in the fourth quarter, adding non-technical materials to training for commitment-making officials, benchmarking work units with excellent budget execution performance, developing a coordination model between work unit financial managers, and integrating research findings into the Financial Advisor framework.

Keywords Budget Execution Performance, Budget Performance Indicators, Work Units, Financial Management Competency, Procurement Of Goods/Services

INTRODUCTION

State financial management must be conducted efficiently, economically, orderly, in compliance with applicable regulations, effectively, transparently, and accountably while upholding the principles of justice and propriety. These principles are intended to realize the objectives of the Indonesian state as stipulated in the Preamble to the 1945 Constitution. Likewise, the implementation of the State Budget (Anggaran Pendapatan dan Belanja Negara/APBN) must adhere to these principles throughout the stages of planning, implementation, supervision, and accountability (Government of Indonesia, 2021; Ministry of Finance of the Republic of Indonesia, 2023).

Budget implementation represents the stage at which the planned activities of Ministries/Agencies (Kementerian/Lembaga/K/L) are executed. Once activities are implemented, budget absorption occurs through government expenditures. Ideally, APBN absorption should begin as early as possible and should not accumulate toward the end of the fiscal year. In line with this objective, the President of the Republic of Indonesia, as conveyed by Deputy Minister of Finance Suahasil Nazara (2023), instructed ministries and agencies to commence budget execution from the very beginning of the fiscal year, particularly starting in January.

Accelerating budget absorption generates significant benefits for society. According to the Directorate General of Treasury (2023), faster budget realization accelerates government spending, thereby increasing the effectiveness of the APBN in supporting economic development and public welfare. This issue has become increasingly important because the APBN serves as one of the government's most effective fiscal instruments for responding to dynamic economic and social conditions. Minister of Finance Sri Mulyani Indrawati (2022) emphasized that one of the primary objectives of the 2022 State Budget was to strengthen the principle of spending better. The Organisation for Economic Co-operation and Development (OECD, 2022) defines spending better as allocating public resources to the areas where they generate the greatest value while avoiding expenditures with limited public benefit. The OECD also highlights the importance of budget disbursement according to predetermined schedules, ensuring that government spending is timely, targeted, and capable of delivering maximum public value.

The acceleration of government expenditure constitutes one of the major indicators used to evaluate the budget implementation performance of ministries and agencies. According to the Minister of Finance (2022), budget performance is not only assessed through the level of budget absorption but must also be balanced by broader indicators reflecting the overall quality of budget execution as measured through the Budget Implementation Performance Indicator (Indikator Kinerja Pelaksanaan Anggaran—IKPA).

The Budget Implementation Performance Indicator (IKPA), as regulated under the Minister of Finance Regulation (PMK) No. 62 of 2023, serves as the official instrument for evaluating budget implementation performance across ministries/agencies, echelon I units, and individual spending units (Satuan Kerja or Satker). The evaluation consists of three principal dimensions. The first dimension measures the quality of budget implementation planning by assessing the consistency between budget execution, budget allocation, and the cash withdrawal plan specified in the Budget Implementation List (Daftar Isian Pelaksanaan Anggaran—DIPA). The second dimension evaluates the quality of budget implementation by measuring the realization of expenditures against the approved budget. The third dimension assesses the quality of budget outcomes by examining the achievement of outputs established in the DIPA. Therefore, budget implementation performance encompasses not only financial realization but also the effectiveness of ministries and agencies in achieving their planned outputs (Ministry of Finance, 2022).

Furthermore, IKPA serves as an important performance evaluation instrument for understanding the dynamics of government budget implementation (Directorate General of Treasury, 2023). These dynamics cover the entire budget execution process, beginning with commitment making and ending with payment settlement. Consequently, IKPA evaluates several critical indicators, including DIPA revisions, deviations from the third page of the DIPA, budget absorption, contractual expenditures, invoice settlement, management of imprest funds (Uang Persediaan—UP) and Additional Imprest Funds (TUP), payment order dispensations (SPM), and output achievement.

Budget execution begins with the establishment of commitments. Following commitment formation, government institutions carry out activities or projects to produce predetermined outputs. Upon completion of these activities, payment obligations arise and are subsequently settled. Commitment making therefore represents a decision-making process or administrative activity that legally initiates government expenditure.

According to PMK No. 62 of 2023, commitments may take the form of official administrative decisions or contractual agreements. Administrative commitments are established by authorized government officials in accordance with prevailing regulations. At the spending-unit level, these officials include, among others, the Head of the Spending Unit, the Budget User Authority (Kuasa Pengguna Anggaran—KPA), and the Commitment Making Official (Pejabat Pembuat Komitmen—PPK). Contractual commitments, meanwhile, result from the government procurement process. Government Procurement Level I training materials explain that procurement activities apply supply chain management principles to fulfill government operational needs. Presidential Regulation No. 16 of 2018 further emphasizes that one of the objectives of government procurement is achieving value for money, including ensuring that goods and services are delivered at the appropriate time to support effective public service delivery.

Commitment making is ultimately directed toward achieving government outputs. Output achievement, as measured through IKPA, reflects how effectively spending units utilize public resources to deliver services to society. This perspective aligns with Christopher Hood's (1991) theory of New Public Management, which emphasizes greater reliance on output controls. According to this approach, government organizations should focus their resources on achieving measurable performance targets rather than merely complying with administrative procedures. Similarly, Mahmudi (2019) argues that public financial management should prioritize outputs and outcomes through the application of performance-based budgeting, replacing traditional line-item and incremental budgeting systems that primarily emphasize input control, such as budget allocations, personnel, and material resources.

Once outputs have been achieved, the government becomes obligated to settle financial claims arising from completed work. The settlement of these claims also constitutes an important component of IKPA assessment. Relevant indicators include budget absorption, contractual expenditures, invoice settlement, payment order dispensations (SPM), and the management of imprest funds (UP) and additional imprest funds (TUP).

Budget Implementation Performance Indicators represent far more than numerical scores. They provide a comprehensive assessment of how effectively government spending units execute the state budget. For example, the IKPA score for the budget absorption indicator reached 87.81 in 2022, indicating relatively good alignment between budget realization and planned expenditure schedules. Nevertheless, Special Staff to the Minister of Finance Candra Fajri Ananda (2022) reported that government expenditure realization had reached only 75.68% of the authorized budget ceiling by 31 October 2022, suggesting that budget implementation had not yet achieved optimal performance.

During fiscal years 2020–2023, budget absorption generally continued to concentrate in the final months of the fiscal year, particularly in December. This pattern indicates that many government spending units still postpone activities and fund disbursement until year-end. Zaenudinsyah (2016) identified several factors contributing to this phenomenon, including inadequate budget planning requiring repeated revisions, delays in government procurement schedules, insufficient human resource competencies, and implementation schedules that differed from initial plans. Such conditions are inconsistent with the spending better principle, which encourages government expenditures to commence as early as possible from the beginning of the fiscal year. Earlier budget execution enables public spending to generate benefits more rapidly, thereby improving the effectiveness of fiscal policy in promoting public welfare.

METHODS

This research uses a qualitative method with a case study approach. This research aims to gain insight into improving budget execution performance in work units and enhancing the competency of their financial managers. Afrizal (2019) explains that qualitative research is a research method conducted by collecting and analyzing data in the form of words (spoken and written) and human actions. Continuing with Afrizal's (2019) opinion, this qualitative research was chosen based on the first consideration: the data collected consists of the words and actions of work unit financial managers in budget execution. The second consideration is the theoretical framework, namely that the actions of work unit financial managers in budget execution are based on applicable regulations and their own knowledge. Based on these considerations, the researcher gains a deep understanding of the experiences, perceptions, and views of the informants related to the research topic.

More specifically, this research is a qualitative study using a case study method. This case study method is expected to answer the research question of how the phenomenon of budget execution performance is influenced by several factors and the improvement of the competence of financial managers. This aligns with Robert K. Yin's (2003) opinion that the case study approach is most suitable for answering "how" and "why" questions. Furthermore, according to Robert K. Yin (2003), case study research is an empirical research model that investigates phenomena in contexts that cannot be clearly defined and utilizes multiple sources of evidence.

This research also aims to explore the financial performance and efforts to improve the competence of the already excellent financial management units. This research utilizes detailed and in-depth data collection from in-depth interviews and document review. This aligns with Creswell's (2015) definition, which explains that a case study is a research method that explores real-life situations, cases, or multiple cases through detailed and in-depth data collection involving multiple sources (e.g., interviews, observations, document reviews, and reports), and reports on case descriptions and themes.

The research topic concerns the performance of the budget implementation of the work units in the Bogor KPPN work area, which is superior to the budget implementation performance of the respective ministries/agencies. Subekan (2020) conducted a similar study using qualitative methods and a case study. This study examines the factors that contributed to the success of Ngroto Village, Pujon District, Malang Regency in managing village finances to achieve the highest national Village Development Index (IDM) in 2018.

FINDINGS AND DISCUSSION

The Performance of Work Unit Budget Implementation is Influenced by Budget Planning, Goods/Services Procurement Process, Conformity Between Budget Implementation and Planning, Coordination, Competence, Monitoring, and Evaluation

The findings indicate that the budget execution performance of work units is strongly influenced by the quality of budget planning, procurement processes, conformity between budget implementation and planning, coordination, competency, monitoring, and evaluation. These factors are not independent variables operating in isolation but constitute an integrated management system that supports effective budget implementation and strengthens the principle of spending better. The experiences of the top-performing work units under the jurisdiction of the Bogor State Treasury Service Office (KPPN Bogor) demonstrate that consistent application of these elements contributes to superior Budget Execution Performance Indicator (IKPA) scores and more balanced budget absorption throughout the fiscal year.

Budget planning emerged as the primary determinant of successful budget execution. The study found that high-performing work units prepared budgets based on actual organizational needs rather than merely continuing previous expenditure patterns. Planning activities included identifying priority programs, preparing realistic activity schedules, estimating funding requirements accurately, and developing fund withdrawal plans that corresponded with implementation schedules. Consequently, budget revisions during the fiscal year were minimized, and implementation could proceed according to the original plan. Effective planning also ensured that outputs were clearly defined, allowing financial resources to be allocated efficiently and preventing unnecessary expenditures. This finding supports the argument that comprehensive planning forms the foundation for successful public financial management because it reduces uncertainty during implementation and enhances organizational performance (Mahmudi, 2019; OECD, 2022).

Another important finding concerns the procurement of goods and services. The study demonstrates that procurement significantly influences budget execution because most government expenditures originate from procurement contracts. Delays in procurement inevitably postpone activity implementation, contract completion, invoice submission, and payment processing, ultimately reducing budget absorption during the planned period. The research reveals that top-performing work units mitigated this risk by initiating procurement activities early in the fiscal year and increasingly utilizing electronic purchasing (e-purchasing). This procurement method accelerated supplier selection, simplified administrative procedures, reduced procurement risks, and enabled activities to commence according to schedule. The implementation of Supply Chain Management principles further strengthened procurement performance by integrating planning, sourcing, implementation, and delivery into a coherent operational framework. These practices ensured that procurement supported rather than hindered budget execution, consistent with previous findings emphasizing the strategic role of procurement management in improving government expenditure performance (Saidah et al., 2024; Taufik & Darwanis, 2016).

The conformity between budget implementation and the original planning also proved to be a decisive factor affecting budget execution performance. The findings indicate that successful work units consistently implemented activities according to predetermined schedules, funding withdrawal plans, and output targets established in the Budget Implementation List (DIPA). Such consistency minimized deviations in the third page of the DIPA, reduced the frequency of budget revisions, and enabled expenditure realization to occur progressively throughout the fiscal year instead of accumulating during the fourth quarter. Stable monthly budget realization reflects better financial discipline and demonstrates that organizational activities are managed proactively rather than reactively. Furthermore, maintaining consistency between planning and implementation facilitates timely completion of outputs, allowing beneficiaries to receive public services earlier while simultaneously improving IKPA performance indicators. These findings reinforce previous studies suggesting that alignment between planning and execution is essential for improving budget absorption and ensuring effective public expenditure management (Harahap et al., 2020; Sodikin, 2021).

Overall, the evidence suggests that budget planning, procurement management, and consistency between planning and implementation constitute the operational foundation of high-performing work units. Rather than focusing solely on increasing expenditure realization, these work units emphasize careful preparation, timely procurement, and disciplined implementation. Such practices not only improve IKPA scores but also contribute to the broader objective of spending better, where public resources are utilized efficiently, transparently, and in accordance with planned outputs and organizational priorities (OECD, 2022; Ministry of Finance of the Republic of Indonesia, 2023).

Improving the Competence of Work Unit Financial Managers to Support Improved Budget Implementation Performance

The findings indicate that improving the competency of work unit financial managers is a strategic prerequisite for enhancing budget execution performance. Budget execution within government institutions requires not only compliance with regulations but also the ability to integrate planning, procurement, budget implementation, financial administration, reporting, monitoring, and evaluation into a coherent management cycle. Consequently, competency should be viewed as a comprehensive combination of knowledge, technical skills, managerial capabilities, problem-solving ability, communication, and professional attitudes that enable financial managers to perform their responsibilities effectively. The study demonstrates that work units achieving high Budget Execution Performance Indicator (IKPA) scores consistently possess financial managers who continuously improve their competencies through formal training, practical experience, collaborative learning, and regular adaptation to evolving government financial regulations.

One of the most important competency development strategies identified in this study is continuous education and structured professional training. Government financial management regulations are frequently updated to improve accountability, transparency, and efficiency in public expenditure. Therefore, financial managers cannot rely solely on the competencies acquired during their initial appointment. Instead, they must regularly participate in technical training programs related to budget planning, treasury management, procurement, financial reporting, and the implementation of government financial applications such as SAKTI. Continuous professional development enables financial managers to understand regulatory changes, apply new procedures correctly, and minimize administrative errors that may delay budget implementation. These findings are consistent with Robbins and Judge (2024), who argue that employee competencies gradually become obsolete unless they are continuously updated through formal and informal learning, and with Mahmudi (2019), who emphasizes that employee competence significantly determines organizational performance.

The findings also reveal that competency improvement should extend beyond formal certification. Although government regulations require certification for Commitment Making Officers (PPK), Payment Order Signing Officers (PPSPM), and Expenditure Treasurers, certification should be regarded as the beginning rather than the final stage of competency development. High-performing work units encourage continuous learning through mentoring, coaching, peer discussions, knowledge sharing, and collaborative problem-solving among financial management personnel. Experienced officials actively assist newly appointed officers in interpreting regulations, resolving operational challenges, and managing unexpected situations during budget implementation. Such informal learning significantly accelerates competency development because practical knowledge acquired through workplace interaction complements theoretical understanding obtained from formal training. This approach reflects the 70–20–10 learning model, which emphasizes that most professional competencies are developed through workplace experience and interpersonal interaction rather than classroom instruction alone (Lombardo & Eichinger, 2010).

Another essential finding concerns the development of multidisciplinary competencies. Financial managers are no longer expected to possess only accounting or treasury expertise but also competencies related to procurement management, digital financial systems, communication, coordination, leadership, and analytical decision-making. Budget execution requires continuous interaction among Budget Users (KPA), Commitment Making Officers (PPK), Payment Order Signing Officers (PPSPM), Expenditure Treasurers, procurement officials, activity managers, and external service providers. Consequently, competency development should integrate both technical and interpersonal dimensions. Employees who possess strong communication and coordination skills are better able to resolve operational problems quickly, prevent misunderstandings, and ensure that procurement activities, contract implementation, payment processing, and budget realization proceed according to schedule. Previous studies similarly demonstrate that competency and coordination positively influence IKPA achievement and overall budget execution performance (Manangin et al., 2023; Sutanto et al., 2024; Harahap et al., 2020

CONCLUSION

The findings indicate that excellent budget execution performance in government work units is achieved through an integrated approach encompassing comprehensive budget planning based on actual organizational needs, the preparation of fund withdrawal plans aligned with activity schedules, consistent implementation of the budget in accordance with the approved plan, and the utilization of electronic purchasing (*e-purchasing*) to improve the efficiency and timeliness of government procurement. High performance is further supported by effective coordination among financial management officials, procurement officers, and activity managers to ensure smooth communication and synchronized implementation throughout the budget execution process. Regular monitoring and evaluation are also conducted to identify implementation progress, address emerging challenges, and facilitate continuous improvement in budget management. Furthermore, appointing competent financial management personnel and procurement officials plays a critical role in maintaining accountability and achieving high budget execution performance. To sustain and enhance these competencies, financial managers continuously engage in various professional development activities, including participating in formal training programs for financial management and government procurement, pursuing independent and lifelong learning, attending socialization sessions on newly issued regulations, establishing active communication with relevant government institutions, and participating in discussions with colleagues and Communities of Practice (CoP). Collectively, these competency development initiatives enable financial managers to adapt to regulatory changes, strengthen technical and managerial capabilities, improve coordination and decision-making, and ultimately support more effective, efficient, transparent, and accountable budget execution.

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