

## THE REGIONAL GOVERNMENT FINANCIAL MANAGEMENT IN JAKARTA AND SURABAYA 2016-2021 WHICH IS BETTER?

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### ABSTRACT

This study aims to describe and analyze the financial performance of the DKI Jakarta and Surabaya Regional Governments in terms of effectiveness and effectiveness of budget use and growth in local revenue performance as well as aggregate excellence. This study uses a comparative quantitative description method of two governments compared to each other with a regional government financial management approach. The results of the study partially show that the level of effectiveness of the Surabaya regional government is more effective in budget use compared to the DKI Jakarta Regional Government with a ratio of 29:19. In terms of budget efficiency, the DKI Jakarta Regional Government shows much better than the Surabaya Regional Government with a ratio of 17 to 9 but in terms of financial performance growth the Surabaya Regional Government is slightly better than the DKI Jakarta Regional Government with a ratio of 14 to 12. In aggregate, the DKI Jakarta Regional Government is still below the Surabaya Regional Government with achievements of 48 and 52 respectively. This study compares the financial performance of the two governments head to head with the same period and measuring instrument which has never been done in previous research in Indonesia. This study is also for a period of financial responsibility for eight years (2014-2021). The findings in this study show that with smaller assets, the financial management of the Surabaya Government is not automatically more efficient than the financial management of the DKI Jakarta Regional Government, even though they are the same in terms of growth.

### Keywords

Financial Management, Financial Performance, Regional Finance

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## I. INTRODUCTION

The Indonesian government after the New Order implemented regional autonomy and with regional autonomy it is hoped that it will open up more opportunities for the community to participate in various political activities at the local and regional levels. (Purpitasari 2015, 3) Regional autonomy is the right and authority as well as the obligation to regulate and manage its own regional household and determine its own policies (Puspitasari and Salisa 2017, 31) With regional autonomy, financial management is in the region. (Widyawati 2018, 2).

Jakarta and Surabaya are two big cities in Indonesia (Zenda and Suparno 2017, 371). Jakarta is the country's capital (Riftiasari 2018, 3) and is known as a Smart City (Endang Puji Astutik and Gunartin 2019, 42). With a Strategy for 8 areas of development, namely: (1) Law, Peace, Public Order and National Unity; (2) Government; (3) Economy; (4) Education and Health; (5) Population and Employment; (6) Social and Cultural; (7) Natural Resources and Environment; and (8) City Facilities and Infrastructure. (Nurasa 2013, 85). Meanwhile, Surabaya is better known as the second largest city after DKI Jakarta (Zenda and Suparno 2017). Both regions carry out financial accountability as a form of regional autonomy. The presentation of financial reports adheres to timely principles and is guided by generally accepted government accounting standards. (Mole 2015, 1059) .In short, financial management is a challenge that is not easy because you have to apply existing regulations, (Mole 2015, 160) explore the potential of the region itself, (Akbar 2016, 35) transparent, honest, democratic and effective, efficient and accountability, (Mutiha 2016, 108) and financial independence (Fazlurahman, Fatriananda, and Jauhari 2020, 59), Financial and non-financial data for the DKI Jakarta and Surabaya governments shows the following.

**Table 1. Financial Indicators for the Regional Governments of DKI Jakarta and Surabaya**

No	Indicator	Jakarta	Surabaya
A	Inflation	1,59 % *	2,34% ***
B	PDR	Rp 2.914,58 trillion*	Rp 2.352,4 trillion*
C	Area	661, 5 km	206,8 km
D	Resident	10.689.681*	2.904.751*
E	Average Increase in 2014-2021		
	1. PAD Budget	-1,99%	-0,61%
	2. PAD Realizet	1,50%	-1,76%
	3. Realization of Regional expenditures	8,02%	4,99%
	4. Realization of Regional Income	6,61%	4,89%

Notes: sourced from BPS and Regional Government Financial Reports that have been audited. 2020 \*\*2019 \*\*\* 2018

The table above shows that the area of DKI Jakarta is almost three times larger than that of Surabaya, with a much lower inflation rate, more than four times the population, and a slightly better gross regional domestic product. From a financial perspective, Surabaya's average PAD growth over the seven-year period is better, although its PAD realization is smaller. For regional expenditure and revenue, DKI Jakarta demonstrates better average growth than Surabaya; however, in terms of PAD revenue realization, DKI Jakarta lags far behind.

The two regions have different characters (Zenda and Suparno 2017, 371) which can be used as a benchmark in presenting financial reports that meet Financial Reporting Standards because "Based on the examination that has been carried out by the BPK on the 2020 financial reports of the DKI Jakarta Provincial Government, including the implementation of plans actions that will be carried out by the DKI Jakarta Provincial Government to follow up on recommendations, the BPK gave an Unqualified Opinion," for the fourth time in a row (Kompas.Com) while Surabaya has achieved the same opinion nine times in a row. (Surabaya Voice). The problem is whether the audit opinion is "reasonable without being overly laden" and the financial performance itself can also be said to be good. Audits are needed to improve the quality of financial reports (CHEN and CHENG, n.d., 5). But low audit quality does not cause auditors to be legally blamed in many countries

Therefore, based on the background, the research was directed to determine and compare the superiority of regional financial management performance in terms of effectiveness and efficiency as well as the level of financial independence between the Regional Government of DKI Jakarta and the Regional Government of Surabaya City from 2014 to 2021

## **II. LITERATURE REVIEW**

### **2.1 Centralization and Regional Autonomy**

With the enactment of Law no. 22 of 1999 concerning Regional Government and later replaced by Law no. 32 In 2004, regional development became increasingly widespread (Kusnandar and Siswanto 2018, 1). Article 7 can be translated as "decentralization is the transfer of authority from the center to the blood within the framework of the Unitary State of the Republic of Indonesia and in the context of managing one's own household" (Akbar 2016, 32). This understanding provides more authority for regional governments (Pemda) in utilizing existing natural resources and making policies that support this orientation, increasing productive investment programs (capital investment) and public services (Hidayat 2016;4). With regional autonomy in preparing financial reports refers to the government accounting standards (PSAP) guidelines for credibility, transparency and accountability so that good governance can be achieved (Albugis 2016,79) in accordance with 2010 government regulations in the financial sector (Mole 2015, 1059).

### **2.2 Financial Management in the Era of Regional Autonomy**

Financial management is more directed at achieving organizational efficiency and effectiveness (Laksono et al. 2020). With regional autonomy, real freedom, breadth and full responsibility is given in managing regional finances (Akbar 2016, 31) in line with Law no. 32 of 2004 and no. 33 of 2004 concerning regional autonomy and balancing central and regional finances", (Kusnandar and Siswanto 2018, 3) (Kustianingsih, Muslimin, and Kahar 2018, 82)), therefore regional governments have an obligation to carry out accrual-based financial administration activities so that the quality of financial reports is better, more transparent and accountable compared to the previous cash basis (Kurniati 2016;1269)

### **2.3 Presentation of Financial Reports in the Era of Regional Autonomy**

In the era of regional autonomy, regional government financial reports are presented in accordance with the Regional Financial Accounting System (Novtania Mokoginta, Linda Lambey 2017, 888) and Government Accounting Standards (Suranta 2015, 82). Financial reports are financial information of a business entity (Riswan and Kesuma 2014, 94) and from an accounting process (Bakar 2022b, 54) which is an accountability for financial management (Bakar 2022a, 233) in the form of notes that provide financial information for a certain period (Ningtiyas and Widyanti 2015, 4). According to Santoso, financial reports are a medium of accountability (Bakar 2022a, 234) and the final product of a series of processes for recording and summarizing business transaction data (Denny 2018, 12) in the form of periodic reports prepared according to generally accepted accounting principles (Riesmiyantiningtias and Siagian 2020, 245). Regional government financial reports are financial reports prepared by regional governments and serve as an overview of regional financial conditions (Bakar 2022a, 234) and provide supporting information regarding authorization for the use of funds (Urip Santoso 2008, 24) and have the aim of providing information in terms of (1) sources economic power, obligations and government capital; (2) changes in the position of economic resources, liabilities and government capital; (3) sources, allocation and use of economic resources; (4) compliance with the realization of the budget; (5) how the reporting entity funds its activities; (6) the government's potential to finance the implementation of government activities; and (7) evaluating the entity's ability to fund its activities (Ningtiyas and Widyanti 2015, 5)

## 2.4 Financial performance

According to Fahmi, financial performance is an analysis carried out to see to what extent the company has implemented financial implementation rules properly and correctly (Riesmiyantiningtias and Siagian 2020, 249) (Maith 2013, 621) (Pongoh 2013, 672) and is a crisis review process from reviewing to providing financial solutions (Bakar 2022a, 234). Sucipto gave his opinion as determining specific steps to measure the success of an organization or company in creating. (Fazlurahman, Fatriananda, and Jauhari 2020, 58) (Fazlurahman, Fatriananda, andjauhari 2020, 58) Financial performance analysis is used to assess past performance by carrying out various financial analyzes (Hidayat 2016, 7)

## III. RESEARCH METHOD

This research is descriptive research as carried out by Mayasari (Mayasari and Al-Musfiroh 2020, 88) and Reni (Andriyanty 2019, 211)). This method is used to determine various variables (Nurdin, Ahmad. Reny Andriyanty 2022, 54) whether primary data or data secondary (Harisman, Muhammad 2022, 54) or major or minor data (Bakar 2022b, 56). The research emphasizes quantitative analysis so that it better reflects the quantitative descriptive method as used by Hasibuan (Hasibuan, Muhammad, and WahabSamad 2022, 30) which is based on financial performance. Financial performance is a measuring tool to determine regional capabilities (Mutiha 2016, 108) and is a review process to provide company financial solutions (Fazlurahman, Fatriananda, and Jauhari 2020, 58) as well as measuring past financial performance assessments.

### 3.1 Research Framework

The research object is the Regional Government of DKI Jakarta and the Regional Government of Surabaya. Primary Data is local government financial reports. Primary data is collected and calculated using certain ratio measures ranging from effectiveness ratio to growth ratio. The results of the ratio analysis were analyzed using two approaches, an approach based on Minister of Home Affairs - Mahmudi regulations and an approach based on analysis.

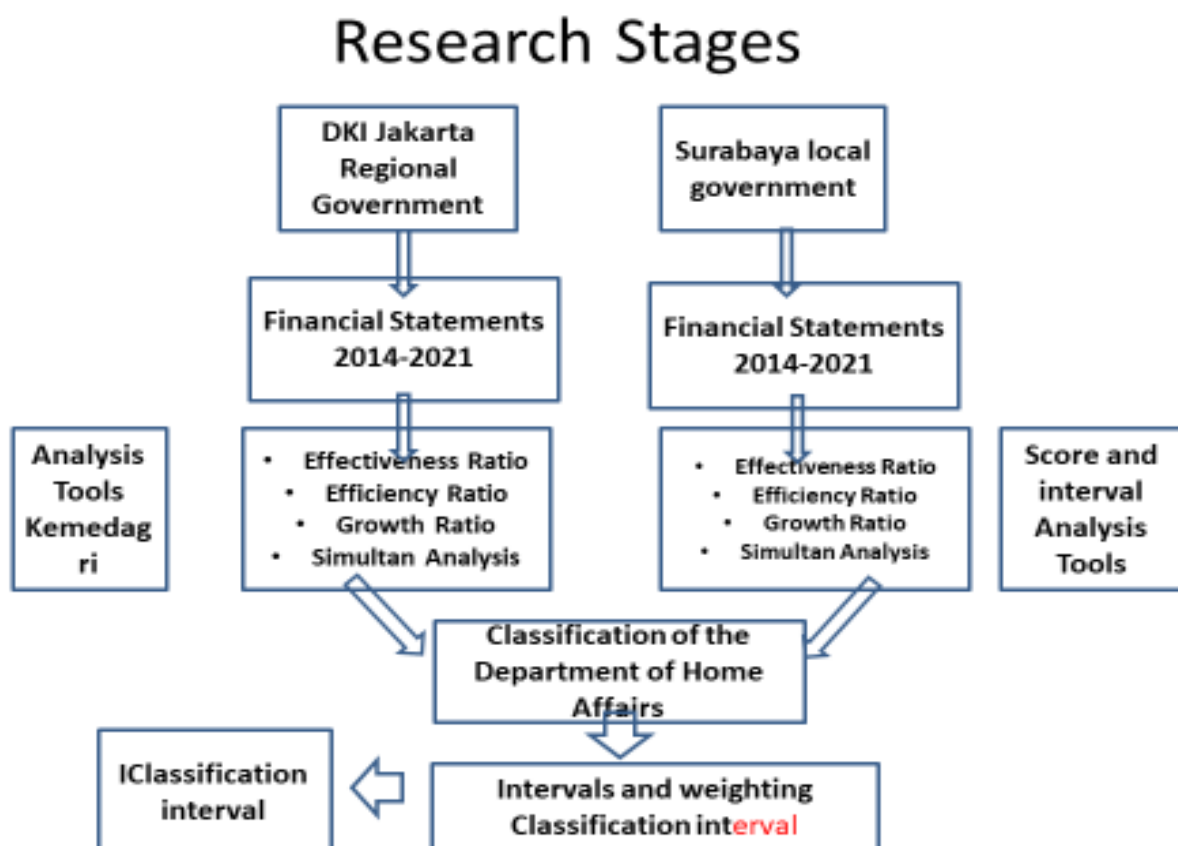


Figure 1: Research Stages

Analysis based on government regulations and Mahmudi produces a classification of achievements in the form of effectiveness and efficiency. Meanwhile, interval analysis produces a level of achievement which is referred to as interval calcification

The aim of measuring financial performance is to assess efficiency and effectiveness as well as monitoring actual costs with budgeted costs (Marfiana and Kurniasih, n.d., 2) Accountability Ratios are a way to analyze regional government financial performance. (Halim, 2002:128). What is the regional financial independence ratio as carried out by Ahmad, (Ahmad 2021, 21), the effectiveness ratio carried out by Nurhayati (Nurhayati 2015, 2) and Taufiq (Kurrohman 2013, 5), the efficient ratio as research carried out by Farida et al (Farida and Nugraha 2019, 109) and Adityo et al., (Perdana et al. 2020, 339) activity ratio as carried out by Erica (Denny 2018, 13) and Ridwan et al (Riswan and Kesuma 2014, 94) and growth ratio as carried out by Nana and Dwirandra (Nana 2014, 484).

### 3.2 Effectiveness Ratio (REt)

The effectiveness ratio is commonly used to determine something based on the real potential of the region. (J. Marsudi, A. Supradi, n.d., 35). This ratio is to determine the ability of regional governments to realize PAD compared to the targets set. (Nana 2014, 484) This ratio is used to measure the level of government success in achieving budget targets (J. Marsudi, A. Supradi, n.d., 33)

This ratio is calculated by dividing the actual PAD revenue by the PAD revenue target (Harahap 2020;36) so that it can be reduced to

$$REt = (\text{Realized PAD}) / (\text{Realized PAD Revenue}) \times 100\% \dots\dots\dots (1)$$

The criteria for measuring effectiveness are as below

**Table 2. Effectiveness Measurement Criteria**

Percentage	Criteria
> 100%	Very effective
> 90-100%	Effective
> 80-90%	Effective Enough
> 60-80%	Less effective
≤ 60	Ineffective

Source: Mahmudi, 2010 (Harahap 2020, 36)

### 3.3 Efficiency Ratios (REs)

The efficiency ratio is a ratio that compares the amount of costs incurred with the realization of income received (Mutiha 2016, 109) or between the realization of revenue and the realization of regional expenditure (Marfiana and Kurniasih, n.d., 3) (Nana 2014, 484). The efficiency ratio is a ratio that can show the comparison of the amount of expenditure to generate income with the actual income received (Fazlurahman, Fatriananda, and Jauhari 2020, 59). In simple terms, the efficiency ratio is a measuring tool for assessing the costs incurred by the government to generate regional income (J. Marsudi, A. Supradi, n.d., 33). The formula for measuring this ratio is

$$REs = ((\text{Cost Expenditures})/ (\text{Income}) \times (100\%)) \dots\dots\dots (2)$$

**Table 3. Criteria for regional financial Efficiency According to the government**

Financial Performance Measures	Criteria
100 % and above	Not efficient
90 % - 100%	Less efficient
80 % - 90%	Quite Efficient
60% - 80%	Efficient
Below 60%	Very Efficient

Source: Ministry of Home Affairs, Minister of Home Affairs Decree No. 690,900,327 of 1996

### 3.4 Growth Ratio (Rpt)

The growth ratio is a ratio that describes the government's ability to maintain or increase the success achieved previously (Mutiha 2016, 117) in the previous period with the next period (J. Marsudi, A. Supradi, n.d., 35) or a ratio that describes the ability of regional governments to maintain consistency and improve existing achievements. (Farida and Nugraha 2019, 110) Fazlurahman et al use the Growth Ratio formula (Fazlurahman, Fatriananda, and Jauhari 2020, 59) as bellow

$$Rp \text{ PAD } (R \text{ PAD } X_n - R \text{ PAD } X_{n-1}) / R_p \text{ PAD } X_{n-1} \dots\dots\dots (3)$$

Information:

- Pp PAD = PAD Growth Ratio
- R PAD Xn = Current PAD realization
- Rp ADXn-1 = Realized PAD Revenue from previous year

### 3.5 Simultaneous Level of Achievement and Measurement

To determine real achievement, the Interval level approach is used level (Kholilah and Iramani 2013, 73) with the liquid determining the level class. The desired class level is 5 where level 1 is very low, 2 is low, 3 is medium and 4 is high and 5 is very high. Interval analysis and weight determination are used to determine the magnitude of the effectiveness, efficiency and growth ratios. Determining this interval formula is as Dewi did (Dewi and Mimba 2014, 448)

$$S_i = (a-b)/5 \dots\dots\dots (4)$$

Information:

- S<sub>i</sub> = value interval
- a = highest score
- b = lowest score
- k = constant

### 3.6 Previous Research

The first research was conducted by Arthaingan H. Mutiha in 2016 regarding the analysis of the financial performance of the Bogor City Regional Government for the 2010 - 2014 Fiscal Year which concluded that the ratio of the level of financial independence of the city of Bogor had a consultative relationship, the Bogor city government was very effective in realizing its original regional income, and had positive growth ratio. However, the Bogor city government still prioritizes indirect spending compared to direct spending

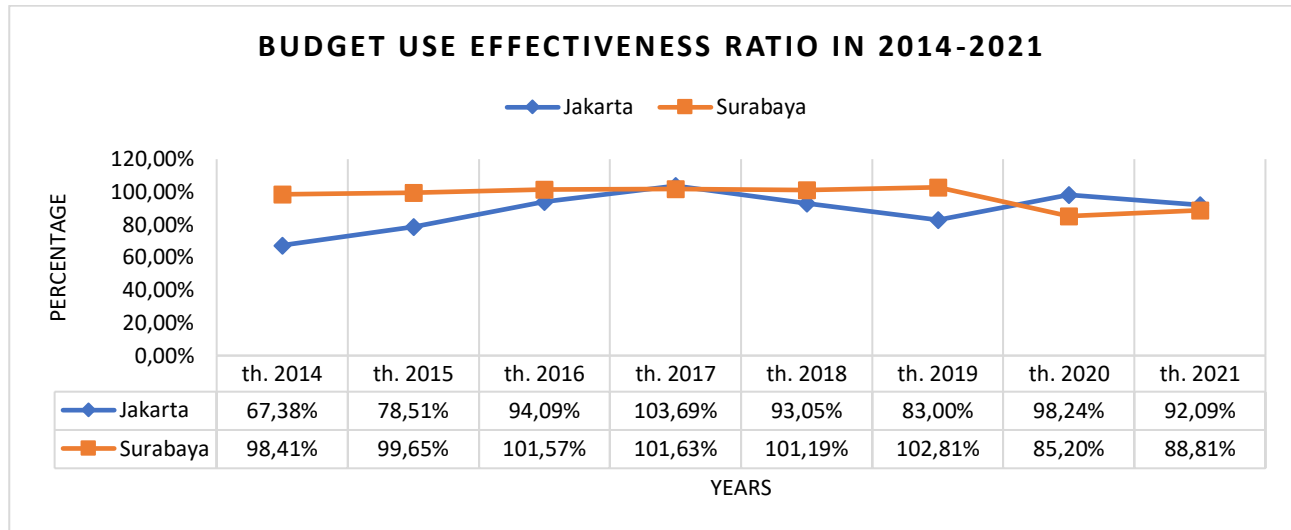
The second research was conducted by Faesal Fazlurahman Chandra Fatriananda Rifqiejauhari in 2020 regarding Analysis of the Financial Performance of the Bandung City Government Before and After Obtaining a WTP Opinion from the BPK). Conclusion of the research. The results of the research show that the regional financial independence ratio, regional income effectiveness ratio, and regional income growth. The financial performance of the City of Bandung before and after obtaining an unqualified opinion has shown significant improvement.

The third research was conducted by J. Marsudi, A. Supradi, F. Susandra in 2019 with the theme Level of Independence, Efficiency, Effectiveness, and Growth of Regional Original Income: Study in West Java Province. The research conclusion shows that independence, efficiency and effectiveness simultaneously influence the growth of original regional income, partially the independence variable has no effect on the growth of original regional income, while the efficiency variable has a negative and significant effect on the growth of original regional income and the effectiveness variable has a positive and significant effect on growth. Locally-generated revenue

#### IV. RESULTS AND DISCUSSION

##### 4.1 Regional Financial Effectiveness

Regional financial effectiveness is measured using the effectiveness ratio approach. The effectiveness ratio of local original income (PAD) is a comparison between the PAD budget and the realization of local original income. The measurement criteria used are as shown in table 2. An overview of the effectiveness ratio for the use of local revenue from the DKI Jakarta Government and the Surabaya Regional Government for 2014-2021 is shown below.



**Figure 2, graph of the effectiveness of regional budget use for DKI Jakarta and Surabaya Regional Government**

From the graph above, in general it can give the following picture; (1) The largest effectiveness ratio occurred in 2017 at 103.7% and the lowest occurred in 2014 at 67.38% for the DKI Jakarta government while for the Surabaya regional government the largest occurred in 2017 at 101.63% and the lowest terasi in 2020 amounting to 85.2%. (2) in the minimum effectiveness ratio position, it turns out that DKI Jakarta is still below the Surabaya regional government at 67.38% and 85.20% respectively. (3) The average effectiveness ratio shows that the Surabaya regional government is better than DKI Jakarta, 97.4% versus 88.76% respectively. (4) achievement scores in a period of eight years, the regional government of DKI Jakarta obtained qualifications four times effective and 4 times less effective (Table 4) while the Regional Government of Surabaya obtained qualifications four times each for effective and very effective (table 5)

DKI Jakarta's largest effectiveness ratio occurred in 2017 at 103.69% due to the PAD budget for that year being IDR 62.5 trillion and PAD realization amounting to IDR 64.8 trillion while the 2019 Surabaya regional budget was 102.81% due to the PAD budget being smaller than the realization. PAD is IDR 5.2 trillion and IDR 5.38 trillion respectively. The difference in achievement between the two in 2017 was 2.06% for the DKI Regional Government and 19.8% in 2019 for the Surabaya Regional Government.

The average effectiveness ratio of the DKI Jakarta regional government is 88.79%, where achievements below the average occurred in 2014, 2015 and 2019 and were 67.3% and 78.51% and 83% respectively. Meanwhile, the average efficiency achievement of the Surabaya regional government is 97.4%, where in 2020 and 2021 this achievement is below the average standard. This achievement shows that the efficiency ratio of the Surabaya regional government in the past eight years is still better than the financial effectiveness ratio of the DKI Jakarta regional government's original regional income.

The financial effectiveness performance achievement level score shows that the Surabaya Regional Government is better than the DKI Jakarta Regional Government by 35 points and 26 points respectively within eight years or if the percentages are 57.38% compared to 42.62%. This difference

is because the Surabaya regional government did not obtain a less effective measurement level (attachment 3 or table 6). The second reason is that the Surabaya regional government obtained the achievement level 5 times while the DKI regional government only obtained it once with the same score (very effective)

The results above are in line with research conducted by Mutiha, Fazlurahman and Marsudi. Previous research conducted by Bakar showed that the financial effectiveness ratio level was 19 points for the DKI regional government and 29 for the Surabaya regional government, but when the research was carried out over a longer period of time, it showed that the points obtained by the DKI regional government were still smaller than the Surabaya regional government, 26 and 35 points respectively (table 6).

#### 4.2 Financial Efficiency

Financial efficiency in this case is measured using the efficiency ratio approach. The efficient ratio is a ratio that describes the comparison between the amount of regional expenditure realization and regional income realization. The smaller the efficiency ratio, the less efficient it is, and vice versa. The measurement measures are as in table 3 and formula 2. Data on the financial efficiency ratio of the DKI regional government and the Surabaya regional government are as below.

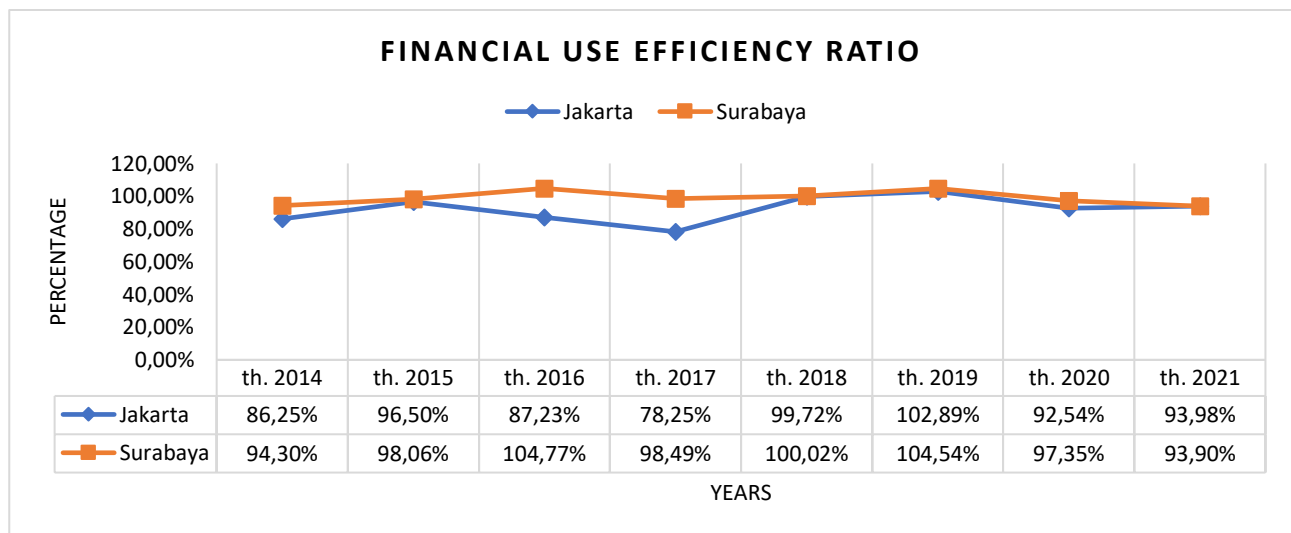


Figure 3, Financial Efficiency Graph for 2014-2021

From the graph above (Figure 3) in general it can give the following picture; (1) The largest efficiency ratio occurred in 2016 at 104.77% and the lowest occurred in 2021 at 93.90% for the Surabaya regional government while for the DKI Jakarta regional government the largest occurred in 2019 at 102.89% and the lowest was in 2017 amounting to 78.25%. (2) It turns out that the minimum efficiency ratio position of DKI Jakarta is still below the Surabaya Regional Government, respectively at 78.25% which occurred in 2017 and 94.30% which occurred in 2014 (3) The average efficiency ratio shows that the Surabaya Regional Government is better than in DKI Jakarta 97.4% versus 88.76% respectively. (4) the achievement score within eight years of the DKI Jakarta Regional Government obtained less efficient qualifications with an average score of 92.17% (Table 4) while the Surabaya Regional Government obtained an average qualification of 98.9% (less efficient) as in attachment 2 or table 5. From the graph above, the DKI Regional Government simultaneously chooses a higher level of efficiency in regional spending (attachment 3)

DKI Jakarta's largest efficiency ratio occurred in 2019 at 102.89% due to regional expenditure amounting to IDR 64.0 trillion and regional income amounting to IDR 64.09 trillion while for the Surabaya regional government it occurred in 2016 at 104.77% due to the realization of regional expenditure being much higher. larger than the regional revenue realization of IDR 7.1 trillion and IDR 6.8 trillion, respectively. The difference in achievement between the two in 2016 was 17.54% for the Surabaya regional government. For 2019, the regional expenditure efficiency ratio was the

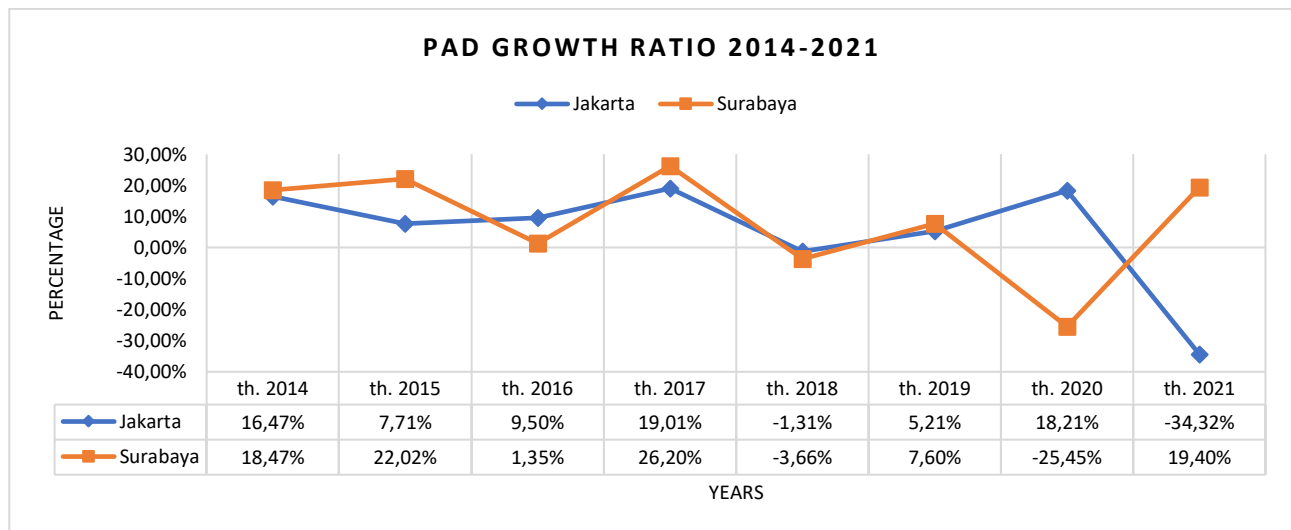
largest for DKI Jakarta, but this achievement was still below that of the Surabaya regional government, where the difference between the two was 1.65 for the Surabaya regional government. (Appendices 1 and 2)

The average efficiency ratio of the DKI Jakarta regional government is 92.17%, where the achievements in 2014, 2016 and 2017 are below the standard or are still in a state of above average efficiency, while other years are below the average standard because the achievement of the efficiency ratio is above the average efficiency -average (table 4). Meanwhile, the average efficiency achievement of the Surabaya regional government was 98.9%, where in 2016 and 2018 and 2019 this achievement was below the average standard of efficiency achievement (table 5). This achievement shows that the efficiency ratio of the DKI Jakarta regional government in the past eight years is still better than the financial efficiency ratio of the regional government of Surabaya's original regional income. In graph 3, it can be seen that the efficiency ratio line for DKI Jakarta is below the efficiency ratio line for the Surabaya regional government.

The financial efficiency performance achievement level score shows that the DKI Jakarta Regional Government is better than the Surabaya Regional Government by 25 points and 13 points respectively (table 6) within eight years or if the percentage is 65.79% compared to 34.21% (table 7). This difference is because the Surabaya regional government did not obtain a less effective measurement level (attachment 3 or table 6). The second reason is that the regional government of DKI Jakarta received the title of efficiency and lack of efficiency three times each. And the Surabaya regional government is sometimes inefficient while achieving achievements that are five times less efficient and three times less efficient (bold 4 and 5). From these facts, the efficiency of DKI regional spending is better than the Surabaya regional government spending line, which can be seen from the Jakarta regional spending line being below the Surabaya regional government spending line.

### 4.3 Growth Ratio

The growth ratio shows the amount of increase in original regional income last year compared to the current amount of original regional income. The growth ratio of original regional income from 2014 to 2021 for the DKI Jakarta regional government and the Surabaya regional government is as below.



**Figure 4, Financial Growth Graph**

From the graph above (Figure 4) in general it can provide the following picture; (1) The largest local revenue growth ratio occurred in 2017 at 19.01% and the lowest occurred in 2021 at minus 34.32% for the DKI Jakarta regional government, while for the Surabaya regional government the largest occurred in 2017 at 26.2% and the lowest occurred in 2020 at minus 25.45%. (2) The position of the minimum growth ratio turns out to be that DKI Jakarta is still below the Surabaya Regional Government, respectively at minus 34.32% which occurred in 2021 while the Surabaya Regional Government was minus 25.45% which occurred in 2020 (appendices 1 and 2) (3) The average growth

ratio shows that the Surabaya Regional Government is better than DKI Jakarta, respectively 8.24% versus 6.06% (4). The growth achievement score in the eight-year period for DKI Jakarta and Surabaya Regional Government is at the same level, namely 31 points (attachment 4)

DKI Jakarta's largest growth ratio occurred in 2017 at 19.01% due to the realization of local revenue in the current year amounting to IDR 43.9 trillion, while the realization of regional revenue in the previous year was IDR 36.8 trillion and while the growth in original regional revenue of the Surabaya regional government was the largest. occurred in 2017 amounting to 26.20% due to the realization of current regional original income revenues of 5.1 trillion and the previous year's revenues of IDR 4.0 trillion. The difference in growth is 7.19% for the Surabaya regional government and in 2020 it will be 43.67% for the DKI Jakarta regional government

The average PAD growth ratio for the DKI Jakarta regional government is 5.06%, where the achievement in 2018 and 2021 is below standard. The reason for the low average PAD growth is due to the decline in the average PAD income growth of Rp. 41.5 trillion and the average PAD growth in the previous year was only 39.9 trillion. Meanwhile, the average PAD growth for the Surabaya regional government was 8.24%, where 2018 to 2020 was an achievement below the average standard. The reason for the low average PAD growth is due to the actual amount of PAD revenue for the current year being only 4.5 trillion (table 5)

The regional original income growth achievement level score shows that the regional government of DKI Jakarta and the regional government of Surabaya are at the same score because DKI Jakarta received the qualification three times "very high", three times high and once "medium" and once very high. Meanwhile, the Sreabaya regional government has qualified four times as "very high", medium twice, and once as very low. The total score of the two governments in terms of regional income growth is both 31 points (table 6 or attachment 3)

The results of previous research showed that the growth of DKI Jakarta's Regional Original Income from 2014 to 2019 showed that the points were smaller than the Surabaya regional government, 12 points compared to 14 points respectively, but with longer research until 2021, DKI Jakarta and the Surabaya regional government were in the same position. 31 points (table 6)

#### 4.4 Excellence in Financial Performance

Financial performance analysis is a critical review process to assess past performance. In this case, the analysis of the ratio of effectiveness, efficiency and growth of original regional income produces the level of achievement of each region's financial performance. These results were analyzed using the Ministry of Home Affairs and Mahmudi's provisions and interval analysis showing overall achievement data for the Jakarta regional government and Surabaya regional government as below.

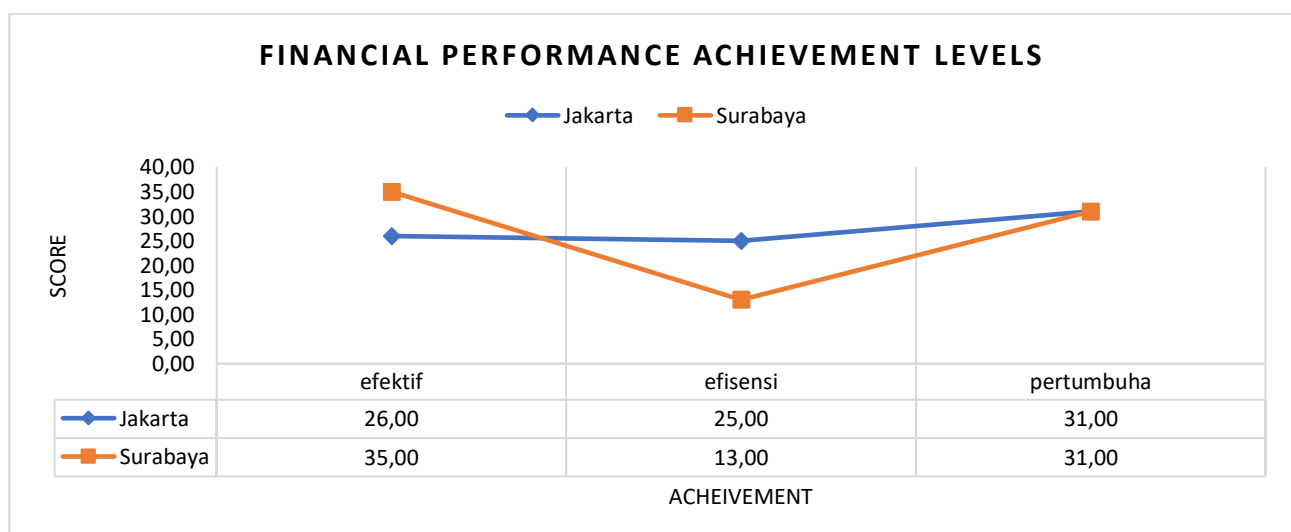


Figure 5, total score of levels of regional financial performance achievement

From the table above, it can be concluded that (1) DKI Jakarta has a total financial performance achievement level of 82 points and the Surabaya Regional Government has a total of 79 points. The reason why DKI Jakarta's achievement score is higher is because the effectiveness ratio for the realization of local revenues (PAD) is 26 points and the effectiveness ratio for the use of regional expenditure is 25 points and the growth ratio for local revenues is 31 points. Meanwhile, the reason why the Surabaya regional government has an achievement level of 79 is due to the level of efficiency ratio for the use of income of 13 and the effectiveness of the use of PAD of 35 and a growth ratio of 31. (2) The average achievement level for DKI Jakarta is 27.23 points and for the Surabaya regional government is 26, 33 points or ratios of 50.93% and 49.07% respectively. From the graph above, it can also be seen that the effectiveness ratio and efficiency ratio of DKI Jakarta are below average standards. Meanwhile, for the Surabaya regional government, only the efficiency ratio for the use of regional income is below the average financial performance. In terms of (3), the regional spending effectiveness score shows that the Surabaya regional government is better than the DKI Jakarta regional government with a difference of 9 points. (3) The efficiency ratio for the use of regional expenditure shows that DKI Jakarta is 12 points more efficient compared to the regional government of Surabaya. This difference causes the DKI regional government to be simultaneously superior even though the growth ratio is ignored. (attachment 4)(5) The percentage of superiority of each region is clearly visible where effectiveness is compared to 42.62% and 57.38% for DKI Jakarta and Surabaya regional governments and the superiority ratio in terms of efficiency rights can be seen as DKI Jakarta is far above the respective Surabaya regional governments. 65.79% and 34.21% respectively. For the growth ratio of original regional income, it can be seen that both regions have the same value, 50% each.

## V. CONCLUSIONS

Based on the results of a comparative analysis of the financial performance of the Regional Government of the City of Jakarta and the Regional Government of the City of Surabaya as measured by the regional expenditure efficiency ratio, the effectiveness of the realization of local revenue and the growth ratio of regional original income as well as the analysis of achievement levels can be concluded as follows: (1) Partially level The effectiveness of the realization of the regional original distribution budget within eight years shows that the Surabaya Regional Government is superior to the DKI Regional Government. In terms of percentage comparison, the two are between 42.62% and 57.38% respectively for the DKI Jakarta regional government and the Surabaya regional government (2) The level of efficiency in financial use of the DKI Jakarta regional government is better than the efficiency of the Surabaya regional government. The percentage shows a comparison of 65.79% and 34.21%. The results of this research are different from research conducted by previous authors. (3) in terms of local revenue growth, the Surabaya regional government is at the same level as DKI Jakarta, but simultaneously (4) the DKI Jakarta regional government is in a better position than the Surabaya regional government, although the difference is quite slight.

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