Evaluation of Budget Management and Financial Performance of Tambrauw Regency, Southwest Papua

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ABSTRACT
This study aims to analyze the effect of budget management on the financial performance of Tambrauw Regency, Southwest Papua Province. Data collection techniques are carried out through observation, interviews, and documentation. This study uses time series data of Tambrauw Regency local government in 2018-2022, namely in the form of balance sheet report data and realization of Regional Expenditure Revenue Budget Receipts from the Badan Pengelolaan Keuangan dan Aset Daerah. Then, simple linear regression analysis was used as the data analysis method. These findings are related to the budget management from 2018 to 2022 measured by the district revenue efficiency. This shows that the budget management of the local government of Tambulao District, Southwest Papua Province belongs to the "quite effective" category, in which the average efficiency of budget management in the past 5 years is 93.62%. Analysis of financial performance as measured by the ratio of regional independence, especially in Tambrauw Regency, Southwest Papua Province for the last 5 years (2018-2022) where the average independence ratio is in the range of 0.63%, so it can be said that the region is still very dependent on transfer funds from the central government. The findings in this study indicate that the better the management of the revenue budget that is transferred to the central government.

INTRODUCTION
According to the provisions of Law No. 9 of 2015 on Local Government, decentralization refers to the transfer of government affairs from the central government to the autonomous regions. The principle of autonomy allows regional heads of provinces, districts and cities to freely manage their resources to achieve government goals. The general statement of Law No. 9 of 2015 on Local Government states that the purpose of granting regional autonomy is to accelerate the realization of the common good through improved services, empowerment and community participation.

According to Mardiasmo (2019: 89) that the budget is a financial work plan which on the one hand contains the highest possible amount of expenditure that may be required to finance the interests of the state in the future and on the other hand the estimated income (revenue). According to Siregar (2017: 44) the regional financial management system is the overall management system of activities including planning, implementation, administration, accountability reporting, and regional financial supervision. The regional financial management system is a system that collects, maintains, and transforms regional financial management data and related sources into information that can be accessed by the public in the context of organizing, implementing, and reporting that can be accounted for (Hanriani, 2019: 79). The budget management is measured using the ratio, namely the comparison between the budget target and the realization of the regional expenditure revenue budget.
Halim (2018: 132) explains that regional financial performance is the result of activities or plans that are being or have been achieved in the context of using a regional budget that is measurable in quantity and quality in relation to regional capacity. Local government financial performance refers to local fiscal revenue and expenditure in a fiscal cycle using a fiscal system determined by policy or legal provisions, and is the degree of completion of work results in the local fiscal field.

The regional fiscal independence rate is calculated by dividing the regional own revenue by the amount of central and provincial fiscal transfer revenue and local loans. The higher the value, the higher the fiscal independence of the local government (Mahmudi, 2019: 140). The performance of financial management is inseparable from the financial management approach itself. A good financial management system will certainly maximize the financial capacity available to implement the plans and issues that each local government prioritizes.

Tambrauw Regency Government is very serious about improving its financial report opinion target. Furthermore, the Head of BPKP West Papua explained that the next step is to immediately follow up the findings of BPK RI and make the right action plan and closely guarded. This is important, because it will be the basis of BPK RI's assessment related to the commitment of Tambrauw Regency Government to resolve problems and prevent findings from recurring, and consideration for BPK-RI to provide WTP opinion in the financial management of Tambrauw Regency.

Based on this background, the authors are interested in conducting research on the extent of the influence of the regional financial management system on regional financial performance, so researchers are interested in conducting empirical research with the title: "The Effect of Budget Management on the Financial Performance of Tambrauw Regency, Southwest Papua Province". The research objectives in accordance with the problems that researchers put forward are as follows: "To analyze the effect of budget management on the financial performance of Tambrauw Regency, Southwest Papua Province".

**METHOD**

The type of research used was descriptive research. Sugiyono (2018) argued that descriptive research is research conducted to determine the value of a variable (one or more variables) without making comparisons or connections with other variables, and the design of this study was a descriptive study. Descriptive research is a type of qualitative research. This study describes the qualitative data obtained regarding how much budget management is carried out in the local government of Tambrauw Regency.

The analytical methods used to analyze the data obtained as well as to test the hypotheses that have been proposed in this study are as follows:

1. Descriptive statistical analysis is to determine the description of the data used with general techniques in descriptive statistics in the form of average value (mean), maximum value, minimum value, and standard deviation.
2. Budget management analysis is an analysis used by comparing the target and budget realization using the formula
Local government budget target

\[
\text{Budget management} = \frac{\text{Local government budget realization}}{\text{Local government budget target}} \times 100\%
\]

3. The regional financial independence ratio is an analysis used to determine the ability of the Regional Government to finance its own government activities, development, and services to the people who have paid taxes and levies as a source of income needed by the region. The formula used to measure the independence ratio is:

\[
\text{Independence Ratio} = \frac{\text{Local Revenue}}{\text{Central Transfer} + \text{Provincial} + \text{Borrowing}} \times 100\%
\]

RESULTS AND DISCUSSION

1. Analysis of Research Variable Description

Before analyzing the effectiveness of regional budget management from 2018 to 2022 obtained from the local government office of Tambrauw Regency which can be shown in Table 1, namely:

<table>
<thead>
<tr>
<th>Years</th>
<th>Regional Revenue Budget (Rp)</th>
<th>Regional Revenue Realization (Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>89,023,576,978</td>
<td>90,061,789,123</td>
</tr>
<tr>
<td>2019</td>
<td>93,457,920,923</td>
<td>98,123,056,923</td>
</tr>
<tr>
<td>2020</td>
<td>91,023,578,232</td>
<td>77,565,190,235</td>
</tr>
<tr>
<td>2021</td>
<td>82,232,145,762</td>
<td>76,090,123,567</td>
</tr>
<tr>
<td>2022</td>
<td>105,232,057,100</td>
<td>96,035,674,120</td>
</tr>
</tbody>
</table>

Source: Secondary data, 2024

Table 1 above is the budget data and realization of local revenue obtained from the local government office of Tambrauw Regency from 2018 to 2022 in the regional revenue and expenditure budget (APBD) which shows that in 2018, the regional revenue budget was set at Rp 89,023,576,978, but the realization reached Rp 90,061,789,123. Realization that exceeds this budget shows a positive performance with a difference of Rp 1,038,212,145 or about 1.17% higher than budgeted. Whereas in 2019, where the revenue budget of Rp 93,457,920,923 was realized at Rp 98,123,056,923, with a difference of Rp 4,665,136,000 or about 4.99% higher than the budget.

However, in 2020, the situation changed drastically as the impact of the COVID-19 pandemic clearly affected regional income. From a budget of Rp 91,023,578,232, revenue realization only reached Rp 77,565,190,235. The negative difference of IDR 13,458,387,997 or about 14.78% lower than the budget shows a significant decline in regional revenue. This decline also occurred in 2021, with a budget of IDR 82,232,145,762 and a realization of IDR 76,090,123,567, a difference of IDR 6,142,022,195 or about 7.47% lower than the budget. Economic conditions that have not fully recovered from the impact of the pandemic still seem to affect local revenues. Then in 2022, although the realization of local revenue of Rp 96,035,674,120 was still lower than the budget set at Rp 105,232,057,100, there was a significant increase compared to previous years. The difference of Rp 9,196,382,980 or about 8.74% lower
than the budget shows that although the budget target has not been achieved, there are indications of a fairly good economic recovery.

Based on the description above, it can be said that the data above where regional income in the Tambrauw Regency APBD for the last 5 years, it can be said that there are fluctuations in the amount of regional income in Tambrauw Regency in the last five years, although there are significant challenges, especially in 2020 and 2021 due to the pandemic, there are positive indications in 2022 that indicate an economic recovery.

In conjunction with the description above, an analysis of the effectiveness of regional revenue budget management in Tambrauw Regency for the period 2018 to 2022 will be presented by comparing the realization with the regional revenue budget for the last 5 years which can be shown in table 2 as follows:

<table>
<thead>
<tr>
<th>Tahun</th>
<th>Regional Revenue Realization (Rp)</th>
<th>Regional Revenue Budget (Rp)</th>
<th>Regional Revenue Budget Effectiveness (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>1,056,301,869,306</td>
<td>1,061,537,079,483</td>
<td>99,51</td>
</tr>
<tr>
<td>2019</td>
<td>1,187,896,930,921</td>
<td>1,196,135,535,985</td>
<td>99,31</td>
</tr>
<tr>
<td>2020</td>
<td>945,712,290,928</td>
<td>1,112,640,440,085</td>
<td>85,00</td>
</tr>
<tr>
<td>2021</td>
<td>917,601,325,839</td>
<td>975,252,224,656</td>
<td>94,09</td>
</tr>
<tr>
<td>2022</td>
<td>1,153,628,346,955</td>
<td>1,278,712,549,878</td>
<td>90,22</td>
</tr>
</tbody>
</table>

Source: Data processed, 2024

Table 2. Effectiveness of Regional Revenue Budget Management of Tambrauw Regency in 2018-2022

Table 2. namely regarding the results of the calculation of the effectiveness of the regional revenue budget by comparing the realization and budget from 2018 to 2022 at the local government office of Tambrauw Regency. Analysis of the effectiveness ratio of the regional revenue budget in Tambrauw Regency in the period shows variations that reflect changes in regional financial conditions.

The effectiveness ratio of the local revenue budget is an important indicator in assessing how well the local government realizes the budgeted revenue. It can be seen that for 2018, where the local government office of Tambrauw Regency managed to achieve an effectiveness ratio of 99.51%, this shows that the performance has been effective in achieving the regional revenue target. This indicates that almost all budgeted revenues have been in accordance with those realized.

Then the effectiveness ratio for 2019 with a slightly decreased but still high ratio of 99.31%. This indicates that in the last two years this shows that in that period, the planning and realization of regional income has been said to be good and effective. However, in 2020 there was a decrease in the effectiveness ratio to 85.00%.

This decline could be due to a variety of factors, including the impact of the covid 19 pandemic which disrupted economic activity and reduced local revenue. 2020 was a difficult year for many regions in Indonesia, and Tambrauw District was no exception. Revenue realization that was far below budget shows the great challenge in revenue collection amidst uncertain conditions.

Furthermore, in 2021, the effectiveness ratio increased to 94.09%, indicating an effort to recover and improve performance in realizing local revenue, although it has not returned to pre-pandemic levels. The year 2022 recorded an effectiveness ratio of 90.22%, which although decreased compared to the previous year, still shows a fairly good performance in a situation that may still be affected by post-pandemic recovery.
For more details, a graph of the effectiveness of regional budget management will be presented, which can be shown below:

![Figure 1 Budget Management Effectiveness Chart 2018-2022](image)

Figure 1 shows the regional financial effectiveness ratio of Tambrauw Regency from 2018 to 2022 which indicates that fluctuations in the realization of local revenue against the budget that has been set over a five-year period (2018-2022) that despite the challenges that occurred especially in 2020, Tambrauw Regency was able to maintain the level of regional financial effectiveness. The fluctuations seen indicate the local government's adaptive response to changing economic conditions, with recovery in the post-crisis.


Tambrauw Regency as one of the regencies in Indonesia, continues to strive to improve its performance in various fields, evaluation of the financial performance of the local government of Tambrauw Regency is important in knowing how the local government can achieve the development goals that have been set. This financial performance analysis is related to revenue, expenditure, and management of assets and local debt, all of which play a role in creating a sustainable financial balance.

The regional independence ratio is an important indicator that shows the extent to which a region is able to finance its own needs without relying on assistance from the central government. This ratio is calculated by comparing local own-source revenue (PAD) with central, provincial and loan transfer revenues. The higher the independence ratio, the more independent and strong a region's economy will be, as it shows that the region has sufficient capacity to manage its local resources and revenues effectively. This not only reflects the region's fiscal capability in supporting development and public services, but can also be a measure of success in optimizing local economic potential, attracting investment, and improving the welfare of local communities.

Before analyzing the independence ratio, especially in the local government of Tambrauw Regency in 2018-2022, first the data of local own-source revenue (PAD) will be presented which can be shown in table 3, as follows:
Table 3 Data of Regional Original Revenue (PAD) of Tambrauw Regency
Year 2018-2022

<table>
<thead>
<tr>
<th>Years</th>
<th>Local Revenue Receipt (Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>5.018.537.971</td>
</tr>
<tr>
<td>2019</td>
<td>8.850.860.970</td>
</tr>
<tr>
<td>2020</td>
<td>6.045.394.069</td>
</tr>
<tr>
<td>2021</td>
<td>6.624.913.703</td>
</tr>
<tr>
<td>2022</td>
<td>5.856.640.901</td>
</tr>
</tbody>
</table>

Source: Secondary Data, 2024

Table 3 above is data on regional own-source revenue (PAD), especially in the Tambrauw Regency local government office for the last 5 years (2018 - 2022) which shows that the receipt of regional own-source revenue from 2018 to 2022, where in 2018, PAD revenue reached Rp 5,018,537,971. This shows that there was a high increase, especially in 2019, which amounted to IDR 8,850,860,970. However, in 2020 it decreased to IDR 6,045,394,069, as well as in 2021 where revenue again increased slightly to IDR 6,624,913,703, then in 2022 it decreased in 2022 to IDR 5,856,640,901. So it can be concluded that local revenue has fluctuated in the last 5 years.

Then the transfer revenue data sourced from the central government, provinces and loans for 2018 - 2022 will be presented which can be shown in Table 4, which is as follows:

Table 4. Data on Transfer Revenue (Central Government, Provincial) and Borrowing Year 2018-2022

<table>
<thead>
<tr>
<th>Years</th>
<th>Central Government Transfer Revenue (Rp)</th>
<th>Provincial Government Transfer Revenue (Rp)</th>
<th>Loans (Rp)</th>
<th>Total Transfer and Loan Income (Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>1.102.274.642.590</td>
<td>62.125.284.003</td>
<td>-</td>
<td>1.164.399.926.593</td>
</tr>
<tr>
<td>2020</td>
<td>1.184.144.640.466</td>
<td>6.507.345.115</td>
<td>-</td>
<td>1.190.651.985.581</td>
</tr>
<tr>
<td>2021</td>
<td>801.257.097.846</td>
<td>79.459.434.985</td>
<td>-</td>
<td>880.716.532.831</td>
</tr>
<tr>
<td>2022</td>
<td>1.106.180.718.583</td>
<td>10.931.729.664</td>
<td>-</td>
<td>1.117.112.448.247</td>
</tr>
</tbody>
</table>

Source: Secondary data, 2024

Table 4 is the transfer and loan revenues received by the Tambrauw Regency local government sourced from the central government, provinces and loans for 2018 to 2022, it can be said that the amount of transfer and loan revenues has fluctuated over the past 5 years. From the PAD data and transfer revenues, the calculation of the independence ratio of Tambrauw Regency will be carried out which can be shown in table 5, namely:

Table 5 Analysis of Tambrauw Regency's Independence Ratio Year 2018-2022

<table>
<thead>
<tr>
<th>Years</th>
<th>Local Revenue (Rp)</th>
<th>Total Transfer and Loan Income (Rp)</th>
<th>Regional Independence Ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>5.018.537.971</td>
<td>841.206.709.146</td>
<td>0.60</td>
</tr>
<tr>
<td>2019</td>
<td>8.850.860.970</td>
<td>1.164.399.926.593</td>
<td>0.76</td>
</tr>
<tr>
<td>2020</td>
<td>6.045.394.069</td>
<td>1.190.651.985.581</td>
<td>0.51</td>
</tr>
<tr>
<td>2021</td>
<td>6.624.913.705</td>
<td>880.716.532.831</td>
<td>0.75</td>
</tr>
<tr>
<td>2022</td>
<td>5.856.640.901</td>
<td>1.117.112.448.247</td>
<td>0.52</td>
</tr>
</tbody>
</table>

Source: Data processed, 2024
Table 5 is the result of the calculation of the ratio of independence in Tambrauw Regency for 2018 to 2022 which shows that the ratio of regional independence is low. Therefore, a graph will be presented regarding the ratio of regional independence in Tambrauw Regency during 2018 to 2022 which can be shown in Figure 2 as follows:

Figure 2. Chart of Regional Independence Ratio 2018-2022

Figure 2 is a graph of the ratio of regional independence, especially in Tambrauw Regency during 2018-2022, which shows that the ratio of independence is measured in the form of a percentage that shows the ability of the region to manage its own finances without relying too much on funds from the central government. The ratio of independence in 2018, is at 0.60%, which shows it is in the low category. While in 2019 there was an increase with the ratio rising to 0.76% which is categorized as low but slightly better than in 2018, this indicates an increase in the ability of the region to manage and utilize local financial resources more effectively.

Then in 2020 where the independence ratio decreased by 0.51%. This decline was caused by factors such as the economic impact of the covid 19 pandemic that hit globally, disrupting various economic and financial aspects in many regions. Nonetheless, in 2021, the self-reliance ratio increased again to 0.75%, almost matching the highest level achieved in 2019. This indicates an effective recovery effort by the local government. However, in 2022 there was a decline of 0.52%. This decline shows that despite recovery efforts, challenges in maintaining stability and increasing financial independence still exist, so it can be concluded in this study that there are significant fluctuations in the regional independence ratio of Tambrauw Regency over the past five years, so it can be said that despite some progress, long-term stability in financial independence is still a challenge.

3. Descriptive Statistics

Descriptive statistics is a statistical analysis method whose role is to collect, classify, summarize, interpret and present data descriptively. So that from attachment 3, namely the data on the effectiveness of budget management and the ratio of regional independence from January to December 2018 - 2022 where the number of samples in the study was 60 samples (12 months x 5 years), the results of descriptive statistical data processing will be presented using SPSS version 26 which can be shown in table 5.6, namely:
Table 6 Descriptive Statistics

<table>
<thead>
<tr>
<th>No</th>
<th>Research variables</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std Deviasi</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Budget Management</td>
<td>60</td>
<td>78.65</td>
<td>120.01</td>
<td>93.84</td>
<td>7.98</td>
</tr>
<tr>
<td>2</td>
<td>Financial Performance</td>
<td>60</td>
<td>0.22</td>
<td>1.80</td>
<td>0.70</td>
<td>0.27</td>
</tr>
</tbody>
</table>

Source: Data processed, 2024

Table 6, namely descriptive statistics processed using SPSS version 26 which shows that descriptive statistical data for the research variable budget management as measured by the effectiveness ratio and financial performance with the regional independence ratio which will provide an overview related to the number of samples (N), minimum value, maximum value, mean (average) and standard deviation (Std Deviasi). This study indicates that the budget management variable is 60 samples with a minimum value of 78.65% and a maximum value of 120.01%. The average budget management measured by the effectiveness ratio is 93.84% with a standard deviation of 7.98%. This indicates that there is considerable variation in budget management among the samples measured, with most values hovering around 93.84% and a standard deviation of 7.98%.

Then the financial performance variable is measured by the independence ratio, with 60 samples with a minimum value of 0.22% and a maximum value of 1.80%. The average financial performance is 0.70% with a standard deviation of 0.27%. The low average compared to the maximum range indicates that financial performance (regional independence ratio) is relatively low. The standard deviation of 0.27% indicates that the value of financial performance tends to be at an average value of 0.70%, with a smaller variation than the budget management variable (budget management effectiveness).

**Discussion**

The discussion of the research results is carried out to analyze how much influence budget management has on financial performance, in conducting the analysis in this study, the object of this research is the local government of Tambrauw Regency, Southwest Papua Province with the observation period 2018 to 2022. So that in this study, the data analysis technique used is to use regression analysis using time series data.

The data analysis of this research will be carried out by providing qualitative descriptions of budget management, which in this study will be carried out using an analysis of the effectiveness of regional revenue by comparing the budget with the realization of regional revenue while regional financial performance is to use the independence ratio, which describes the level of local government's ability to finance its activities in government activities, regional development, regional economic development and services to the community.

1. **Budget Management Analysis**

Analysis of budget management which aims to analyze budget management carried out by employees assigned as part of the budget, especially in the local government of Tambrauw Regency, Southwest Papua Province, where in managing the budget starting at the planning, implementation and supervision stages regarding regional income needs to be carried out efficiently and effectively. So that in the analysis of research data using the analysis of the effectiveness of local revenue from 2018 to 2022, the findings obtained in the study are in the moderately effective category.
The findings of this study are related to the effectiveness of budget management which shows that in general, the local government of Tambrauw Regency, Southwest Papua Province has the ability to manage its revenue budget well. The lowest percentage reaching 78.65% is close to the accepted effectiveness limit, while the highest value reaching 120.01% indicates that there is a situation where the revenue managed is in accordance with the expectations of the local government. This reflects the flexibility and ability to adjust in managing the budget according to economic conditions and regional needs, especially in the local government of Tambrauw Regency, Southwest Papua Province.

Then with an average value of local revenue effectiveness of 93.84% shows that budget management during the period has been quite good and reliable. This value illustrates that most budget targets can be achieved or even exceeded, indicating good budget planning and implementation by budget management personnel. This figure also provides a positive picture of local government performance in managing existing resources for the benefit of the community.

However, it can be concluded that overall budget management is considered quite effective, but there are some things that may require improvement. The lowest effectiveness percentage of 78.65% indicates that there are still revenues that do not match the target, so there is a need for local governments to conduct in-depth evaluations of revenue items that do not reach the target.

In addition, the percentage of effectiveness that reached 120.01% can be said to be in the effective category. Where the effectiveness of budget management in Tambrauw Regency during the 2018-2022 period shows a fairly good and stable performance. However, it is still necessary to conduct periodic evaluations and adjust strategies based on in-depth analysis, the local government can improve this effectiveness further, ensuring that every budget spent really provides maximum benefits for the community and regional development.

2. **Financial Performance Analysis**

The importance of regional financial performance is that this study uses the regional independence ratio. The reason for using the regional independence ratio in analyzing regional financial performance is because this ratio can be used in measuring how local governments are able to finance their operational and development needs with financial resources obtained independently, such as local taxes and levies.

The higher the independence ratio, the better the ability of the region to manage its finances independently, which reflects fiscal independence and the ability to plan and implement development programs without relying too much on external assistance. It is also an important indicator in assessing a region's capacity to withstand fluctuating economic conditions and in attracting investment and local community participation. From the results of data analysis in this study, which has been carried out using this research data from 2018 to 2022 where the level of data independence is obtained at 0.63%.

The results of the analysis in the discussion of this study, namely related to the ratio of regional financial independence, indicate that the ability of a region to finance its own needs without relying on assistance from the central government, where in the last five years (2018-2022) there has been a fairly high fluctuation, this can be explained that in 2018 the independence ratio was 0.60% and in 2019 it increased to
0.76%. However, 2020 indicates that this ratio decreased by 0.51%, while in 2021 it increased by 0.75%. Likewise, in 2022 it decreased by 0.52%.

The fluctuation of this independence ratio indicates that Tambrauw Regency has not achieved stability in its financial independence. The increase that occurred in 2019 and 2021 indicates a regional effort to increase local own-source revenue (PAD) or reduce dependence on balancing funds from the central government. However, the decrease in 2020 and 2022 indicates that these efforts have not been consistent and may still be affected by external factors such as policy changes, macroeconomic conditions, or the covid 19 pandemic, thus affecting regional revenue.

The findings of this study can be concluded that the local government of Tambrauw Regency needs to strive to increase its financial independence. The local government can focus on strengthening economic sectors that have the potential to increase PAD, as well as improving local financial governance, to be more efficient and effective. Cooperative efforts between the local government, the community, and the private sector are also key in achieving better financial independence in the future.

3. Analysis of the Effect of Budget Management on Financial Performance

Based on the results of the analysis in this study, the finding is that budget management has an influence in improving financial performance, especially in local governments, where the better the budget management starting from the planning process, the implementation of supervision carried out by the budget section in the local government office of Tambrauw Regency, Southwest Papua Province will be able to improve regional financial performance.

In addition, improving regional financial performance through effective budget management can also have a positive influence on regional fiscal stability. Professional budget management, Tambrauw Regency Government can reduce the risk of deficits and increase budget surpluses. This allows local governments to have financial reserves that can be used in emergency situations or to fund strategic projects that can support local economic growth.

Successful budget management can also increase public trust in local government. When the public sees that the budget is being spent effectively and transparently, its trust in the government increases. This is important for creating a conducive environment for public participation in local development. In addition, high public confidence can also attract investment from the private sector, which in turn can boost the overall local economy.

CONCLUSION

Based on the results of the analysis and discussion in this study, the conclusions in this study are as follows:

The results of data analysis in this research, namely related to budget management as measured by the effectiveness ratio of regional income, namely in 2018 to 2022, which shows that the budget management carried out by the local government of Tambrauw Regency, Southwest Papua Province is in a fairly effective category where the average percentage level of effectiveness of budget management over the last 5 years is 93.62%. This is because local governments in managing local revenues have been transparent in the process of planning, implementing and reporting local revenues such as local taxes, local levies, and local taxes. Analysis of financial performance as measured by the ratio of regional independence, especially in Tambrauw Regency, Southwest Papua Province for the last 5 years (2018-2022)
where the average independence ratio is in the range of 0.63%, so it can be said that the region is still very dependent on transfer funds from the central government. This reflects the inability of the region to optimize local own-source revenue (PAD) to finance development needs and programs independently. As a result, it is necessary to increase the efficiency and effectiveness of regional resource management and policies that encourage an increase in PAD in reducing this dependence. The effect of budget management on financial performance, especially in Tambrauw Regency, Southwest Papua Province, which in this study indicates that budget management provides a meaningful influence in improving regional financial performance. The findings in this study indicate that the better the management of revenue budgets carried out by management personnel will improve the financial performance of local governments.

**Recommendation**

It is recommended to the local government of Tambrauw Regency, Southwest Papua Province to further improve the skills of budget management personnel by providing opportunities to attend training related to budget governance starting from the planning process, budget implementation and reporting in order to support the effectiveness of budget management in the future. The local government of Tambrauw Regency of Southwest Papua Province should further increase independence in regional financial management which reduces dependence on the central and provincial governments by increasing local revenue for the future. It is recommended to future research to increase the number of samples observed in this study to provide more accurate information related to the effect of budget management on financial performance, especially in Tambrauw Regency, Southwest Papua Province.

**Reference**


