

Effectiveness and Efficiency of the State Revenue and Expenditure Budget Policy in South Sumatra: Islamic Perspective Study

Bakti Setyadi¹, Sulaiman Helmi², Syed Ismail Mohammad³

Universitas Bina Darma^{1,2}, Universiti Pendidikan Sultan Idris³

bakti.setyadi@binadarma.ac.id¹, Sulaimanhelmi@binadarma.ac.id²,

syed.ismail@fpe.upsi.edu.my³

ABSTRACT

Effective and efficient management of state finances has an essential role in Islam. This exploratory, descriptive study aims to analyze the effectiveness and efficiency of state revenue and expenditure budget policies in South Sumatra from an Islamic perspective. This research was conducted at the South Sumatra Provincial Government, especially at the South Sumatra Provincial Archives Service. Data were obtained from interviews, observations, and secondary sources, such as regional financial reports and South Sumatra audit reports, published publicly. Analysis of data on the ratio of effectiveness and efficiency is calculated by comparing the realization of APBD revenues with revenue targets. The results of the study show that the implementation of state revenue and expenditure budget policies in South Sumatra has been effective and efficient. In addition, the realization of the budget is also the same between the expected targets and the results obtained in the implementation of the state revenue and expenditure budget policy in South Sumatra. The principles of Islamic economics in the context of state financial management are based on fairness, justice and social welfare, and emphasize the importance of ethical behavior and transparency in economic transactions. It is very important to ensure that the government's revenue and expenditure policies are in line with the general objective of increasing social welfare and ensuring economic equity. The findings of this study indicate that the Provincial Government of South Sumatra has effectively implemented revenue and expenditure policies that are in line with sharia economic principles.

Keywords: *Budget Policy, State Financial Management, South Sumatra, Islamic Perspective*

A. INTRODUCTION

South Sumatra is one of the provinces in Indonesia which has an essential role in the national economy. To promote development in this area, the Provincial Government of South Sumatra has implemented various programs and policies,

including policies on the state budget for revenue and expenditure (Afiah & Azwari, 2015). This state revenue and expenditure budget policy is one of the essential instruments in managing state finances. Through this policy, the government can determine the allocation of funds to finance various programs and activities to improve people's welfare (Villela et al., 2010). However, to ensure the effectiveness and efficiency of the state revenue and expenditure budget policies, it is necessary to carry out periodic evaluations (Olurankinse Felix, 2012). It should be noted that in Indonesia, a financial system exists in government institutions. A financial system between the central and regional governments provides development for regional government autonomy following the initiatives and aspirations of the people (Pilat & Jenny, 2017). Regional government as a sub-system of state government is intended to increase the effectiveness and efficiency of government administration and public services (Abidin, 2016; Yusmat et al., 2023). The regions have been given complete and unanimous authority to plan, implement, supervise, control and evaluate regional policies (Badwan et al., 2017). The great hope that the community has entrusted is the achievement of excellent service and consistent, efficient and effective management of policies as an essential function of government (Chugunov et al., 2018). One is in the Regional Income and Expenditure Budget (APBD), the regional government's annual financial plan discussed and agreed upon jointly by the local government and DPRD and stipulated by regional regulations (Tulangow & Runtu, 2014). The APBD is an annual work plan to realize the activities of the Regional Government, both routine and development, which are regulated and calculated in money. Preparing the budget, whether the APBD or APBN, often becomes an essential issue in the public's spotlight (Assidi, 2016). Even the APBD or APBN becomes a political tool the government or the opposition uses.

In terms of participation, transparency, and accountability of the state budget, we systematically examine several phenomena of irregularities in the execution or implementation of the budget, one of which is in the Archives Office of South Sumatra Province in the implementation processes (Sari et al., 2018). In Islamic economics, transparency and accountability are emphasized as important principles in financial management (Cahyani & Utami, 2018). The concept of "shura" or consultation in decision-making is also promoted, which involves seeking the opinions of stakeholders and experts (Kasdi & Saifudin, 2019). In addition, the concept of "maqasid al-shariah" or the objectives of

Islamic law highlights the importance of ensuring public interest and preventing harm in economic transactions (Fadilah et al., 2018). Therefore, in the case of the Archives Office of South Sumatra Province, it is important to ensure transparency and accountability in the implementation of the state budget, as well as to involve relevant stakeholders in the oversight process to ensure that the objectives of the Islamic economic principles are being met.

The concept and implementation of oversight in APBD implementation generally focus on achieving budget realization, requiring the completeness of annual budget reporting documents or administrative orders (Sinambela & Pohan, 2016). Furthermore, at the APBD implementation stage, problems that often occur include late reporting, which is also a problem that often occurs in general, where the new SKPD annual report can be completed in March or April. This condition causes the implementation of activities to be divided quarterly throughout the previously planned timeframe. This phenomenon, especially the financial reports for 2020-2021, was also found at the South Sumatra Provincial Archives Service.

Obstacles faced by the Archives Office of South Sumatra Province in managing the regional income and expenditure budget (APBD) are making Budget Activity Plans (RKA). The Reporting process is being delayed so that annual reports and proposals for the disbursement of funds for one period are hampered. Accountability occurs, which could be more effective in activities per field. Therefore there are frequent revisions every month. To determine the effectiveness of the regional income and expenditure budget (APBD), go through the stages. These stages are Planning, Realization and Target. Where later, the users of this report can evaluate or make decisions on the economic resources allocated accountability, and reporting compliance. The financial budget realization report aims to compare the budget amount with its realization in one period (Villela et al., 2010). This report generally relates to the financial budget, which includes resources, allocation and use of financial resources managed at the South Sumatra Archives Service.

This evaluation aims to determine the extent to which this policy can achieve the desired objectives and whether there are areas for improvement in its implementation (Aini et al., 2020). In the context of South Sumatra, the evaluation of state revenue and expenditure budget policies can be carried out from an Islamic perspective, It refers to the Islamic economic principles that underlie the management of state finances, such as fairness, transparency and

sustainability (Damirah et al., 2023; Wira et al., 2022). So that it will provide a more comprehensive understanding of how much this policy can benefit the community and achieve the desired development goals.

This research will provide a more comprehensive understanding of the policies for managing the state revenue and expenditure budget from the point of view of the principles of Islamic economics and this research can provide valuable input for the improvement and development of policies in the future. Therefore this study aims to analyze the effectiveness and efficiency of state budget revenue and expenditure policies in South Sumatra from an Islamic perspective.

B. THEORETICAL

Regional Revenue and Expenditure Budget

According to the Regulation of the Minister of Home Affairs Number 13 of 2006 concerning Guidelines for Regional Financial Management, the APBD is an annual regional financial plan discussed and agreed upon jointly by the Regional Government and the DPRD and is stipulated by a Regional Regulation (Kementerian Dalam Negeri RI, 2006). The APBD is a regional government program that will be implemented the following year, manifested in one form of money (Kementerian Dalam Negeri RI, 2011). So the APBD is a regional financial plan, a program from the local government that will be implemented next year and aims to improve the area's public services and community welfare. According to Safpremi et al., (2022) The APBD is one of the regional budgets with the following elements: 1) The plan for a regional activity along with its detailed description, there is a source of revenue which is the minimum target to cover costs. 2) Costs related to activities. 3) The activity and the relationship with the cost. 4) The fee, which is the maximum spending limit. 5) Expenditures to be implemented, types of activities and projects outlined in numbers, and usually one year's budget period. In preparing the Regional Revenue Expenditure Budget (APBD), a process of preparation and approval is required through the executive and legislative sections regarding the general policies of the APBD and priorities in preparing the APBD. Preparing the Regional Revenue and Expenditure Budget (APBD) is divided into four stages: 1) Formulation of the General Policy of the APBD and Priority Ceilings for the Temporary Budget. 2) Preparation of SKPD Budget Work Plans. 3) Preparation of RAPBD. 4) Discussion and determination of APBD (Lannai & Amin, 2020).

The budget cycle includes four stages which are disclosed according to Kementerian Dalam Negeri RI (2014) consisting of:

1. Preparation Stage. At the budget preparation stage, expenditure estimates are based on available estimated income. Based on the vision, mission and goals of the organization. In this regard, an income estimate should be made before approving the estimated expenditure.
2. Ratification Stage. This stage is the stage that involves a relatively complicated political process. Executive leaders are required to have high integrity and mental readiness. It is essential because, at this stage, the executive leadership must be able to answer and provide rational arguments for all questions and objections from the legislature.
3. Implementation Stage. In the budget execution stage, the essential thing that the public finance manager pays attention to is having an accounting (information) system and a management control system. The public finance manager, in this case, is responsible for creating an adequate and reliable accounting system for planning and controlling the budget that has been agreed upon and even relied on for the next period's budget preparation stage.
4. Reporting and Evaluation Stage. The preparation, ratification, and implementation stages of the budget are related to the operational aspects of the budget, while the reporting and evaluation stages are related to the accountability aspect.

If the implementation phase has been supported by a sound accounting system and management control system, it is hoped that the reporting and evaluation phase will encounter few problems. The regional budget, or APBD, is the primary policy tool for Regional Governments. As a policy tool, regional budgets occupy a central position in efforts to develop the capability and effectiveness of local government.

Regional Revenue and Expenditure Budget Structure

Regional original income is obtained from the area, which is taken based on regional regulations under statutory regulations to raise funds for community needs. According to Pilat & Jenny, (2017) Regional original income is divided according to the type of income consisting of:

1. Local taxes are mandatory payments imposed under the Law which cannot be avoided for those who are obligated, and for those who do not want to pay taxes can be forced.

2. Regional levies are payments for services or granting of specific permits that are expressly provided and given to regional governments for personal or corporate interests.
3. The results of separated regional wealth management are income in the form of separated regional wealth management results consisting of a share of profit on equity participation or often called investment in companies owned by the region.
4. Other legitimate regional original income consists of the results of sales of regional assets that are not segregated, receipts of giro services, receipts of interest and others.

According Kementerian Dalam Negeri RI (2020) Regional financing receipts include:

1. Remaining Budget Calculations for the previous fiscal year (SiLPA) are part of a budget revenue obtained from exceeding PAD revenues, balancing funds and other revenues
2. Disbursement of reserve funds is part of a budget revenue obtained from disbursement in the form of reserve funds from the reserve fund account to the regional general treasury.
3. The results of the sale of separated regional assets are the overall form of selling assets owned by the regional government, which is always collaborated with by third parties.
4. Receipt of regional loans is the overall form of a receipt from regional government loans.
5. Receipt of lending is a form of re-acceptance of lending to the central government.
6. Receipt of regional receivables is a form of acceptance from lending to the central government.

Regional spending is grouped into two, indirect spending and direct spending. Indirect spending is budgeted expenditure indirectly related to implementing regional activities. Indirect expenditure is divided according to Kementerian Dalam Negeri RI (2015) the type of expenditure consisting of:

1. Personnel Expenditures are salaries, allowances, and income from others given to civil servants stipulated by applicable laws and regulations.
2. Interest Expenditure is a form of expenditure used in budgeting payments in debt interest, calculated following the primary debt obligations in the short-term, medium-term and long-term.

3. Subsidy spending is a form of spending budgeted for and used to assist production costs for specific companies or institutions to make the selling price or production of goods affordable to the public.
4. Grant Expenditures are expenditures that have been budgeted to be given to other parties as grants, usually in the form of money, goods and services.
5. Social assistance expenditures have been budgeted to assist the community in improving people's welfare.
6. Revenue-sharing expenditures have been budgeted as revenue-sharing funds and sources of income for the District/City, Provinces and Villages or certain regional governments for other governments per laws and regulations.
7. Financial assistance is the provision of general or special assistance from the district/city government to the village government or other governments for equal distribution or increased financial capacity.
8. Unexpected spending is spending on activities that are unusual or are not expected to be repeated, meaning activities that cannot be repeated, such as natural disaster management.

Direct Expenditures are expenditures budgeted for direct activities in terms of program implementation. The direct shopping section is divided according to Kementerian Dalam Negeri RI (2020) the shopping it consists of:

1. Personnel spending is a form of expenditure to increase the motivation and quality of employees in carrying out a regional activity.
2. Expenditure on goods and services is a form of expenditure in purchasing or procuring goods with a benefit value of less than a year in the use of services to carry out regional activities.
3. Capital expenditure is used to construct fixed assets with a benefit value of more than one year.

According to Budiarso et al. (2015) Financing expenditures include:

1. Establishing a reserve fund is a form of spending in forming a reserve fund to fund a regional activity providing funds which cannot be provided all at once.
2. Local government equity (investment) is a form of regional expenditure allocated to capital or investment statements both in the long and short term.
3. Payment of principal debt is a form of payment of obligations on the debt's principal, calculated based on a long-term or short-term loan agreement.
4. The provision of regional loans is a form of regional government expenditure for grants to the central government, regional governments and third parties.

C. METHODOLOGY

Research Method

This research is exploratory research. Research that aims to describe the characteristics or phenomena in the population or sample studied (Creswell, 2012). This research was conducted at the Archives Service of the South Sumatra Province located on Jl Demang Lebar Daun, No 4863. The research instruments for this study in data collection were interviews, observations, and documentation in the form of financial reports and audit reports on the APBD of the Archives Service of the South Sumatra Province for 2020-2021.

Data Analysis Technique

The process of analyzing the data obtained in this study includes several steps: 1) Data collection. Data was collected from various sources such as interviews with government officials, observations, and secondary sources such as regional financial reports and audit reports. 2) Data cleaning. The data collected is checked for errors and inconsistencies and cleaned to ensure its accuracy and completeness. 3) Data coding. The collected data is coded to make it easier to manage and easier to analyze. 4) Data analysis. This study uses descriptive statistics to analyze the data. The analysis is focused on the effectiveness and efficiency of state revenue and expenditure budget policies in South Sumatra. 5) Interpretation of results. This study interprets the results of the analysis and draws conclusions about the effectiveness and efficiency of state revenue and expenditure budget policies in South Sumatra.

The effectiveness ratio is calculated by comparing the realization of regional budget revenue (PAD) with the target revenue of PAD (budgeted) (Kartika & Kusuma, 2015). This ratio is formulated as follows:

$$\text{Effectiveness Ratio} = \frac{\text{PAD Receipt Realization}}{\text{PAD Revenue Target}} \times 100\%$$

The spending efficiency ratio can be formulated as follows:

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

The criteria for the ratio of effectiveness and efficiency of financial performance can be seen in table I.

Table I. Criteria for Effectiveness and Efficiency of Financial Performance

Rasio	Effective Criteria	Efficient Criteria
> 100%	Very effective	Not efficient
90 – 100%	Effective	Less efficient
80 – 90%	Effective enough	Quite efficient
60 – 80%	Less effective	Efficient
< 60%	Ineffective	Very efficient

Source: Kepmendagri No.690.900.327 of 1996

The efficiency ratio of the local government is considered to have carried out budget efficiency if the efficiency ratio is less than 60%. Otherwise, if it is more, then it indicates that there has been a budget waste (Kartika et al., 2016).

D. RESULTS AND DISCUSSION

Calculation of the Efficiency and Effectiveness of the Regional Revenue and Expenditure Budget Realization Report of the Archives Service of South Sumatra Province

The report on realizing the regional income and expenditure budget is a form of government accountability in managing state finances. This report is a reference for related parties in evaluating the government's performance in using the budgeted budget. Therefore, it is imperative to pay attention to the calculation of the efficiency and effectiveness of the report. In this case, data will be presented regarding the efficiency and effectiveness of the regional revenue and expenditure budget realization reports for the South Sumatra Province Archives Service. The report's summary on the realization of the regional income and expenditure budget can be seen in table 2.

Table 2. Summary of the Regional Revenue and Expenditure of the South Sumatra Archives Service

Description	Budget	Realization	Total	Difference
Locally generated revenue	0	0		
Transfer income	0	0		
Tax	0	0		
Retribution	0	0		
Transfer income	0	0		
Other income	0	0		

Expenditure				
1. Regional expenditure	Rp. 12.052.791.376	Rp. 9.437.295.381	Rp. 2.615.495.995	78,30%
2. Operating expenditure	Rp. 11.855.791.376	Rp. 9.240.379.381	Rp. 2.625.411.995	99,6%
3. Employee expenditure	Rp. 8.271.830.000	Rp. 6.138.337.272	Rp. 2.133.492.728	74,21%
4. Expenditure for Goods and Services	Rp. 3.583.961.376	Rp. 3.102.042.109	Rp. 481.919.267	86,55%
5. Capital expenditure	Rp. 197.000.000	Rp. 196.916.666	Rp. 83.334	99,96%
Average				52,43%

Based on the results of calculations from the data in table 1, it is known that the South Sumatra Province Archives Service obtained an average of efficient spending = $78.30\% + 77.94\% + 99.96\% + 74.21\% + 86.55\% = 416.98\%/5 = 83\%$. It means that of the total budget allocated for spending, as much as 83% has been used efficiently. In addition, the efficiency ratio for these expenditures is $100\% - 83\% = 17\%$. It shows that 17% of the total budget could be more efficient in its use. With a spending efficiency ratio of 17%, 17% of the budget could still be more efficient or used optimally.

Efficient and effective budget management from an Islamic perspective is essential because the budget comes from community funds managed by the government to improve people's welfare (Adawiyah & Kusuma, 2015). Therefore, the government is morally responsible for managing the budget with integrity and avoiding unnecessary budget waste. The calculation of the expenditure efficiency ratio at the Archives Office of South Sumatra Province shows that in 2020, spending efficiency is still below the spending efficiency standard, which should be less than 60%. However, in 2021, spending efficiency improved and exceeded spending efficiency standards. It shows that the government of the South Sumatra Provincial Archives Office has made reasonable efforts to manage the budget efficiently and effectively. However, 17% of the budget could still be more efficient or used optimally. Therefore, evaluating and improving expenditure management is necessary to increase spending efficiency and avoid budget waste. In addition, applying technology and a better financial management system can also help increase the efficiency and effectiveness of budget management.

In Islam, efficient and effective budget management is also expected to avoid usury, gharar and maysir. The government must manage the budget responsibly and transparently to avoid practices detrimental to society. In addition, good budget management must also prioritize the interests of the community and be oriented towards improving the welfare of society (Lestari et al., 2018). It can lead to wastage of the budget and ineffective use of existing

resources. A summary of the regional income and expenditure reports for the South Sumatra Archives Office for 2021 can be seen in table 3.

Table 3. Summary of Regional Revenue and Expenditures of the South Sumatra Archives Service TA 2021

Description	Budget	Realization	Total	Difference
Locally generated revenue	0	0		
Transfer income	0	0		
Tax	0	0		
Retribution	0	0		
Transfer income	0	0		
Other income	0	0		
Expenditure				
1. Regional expenditure	Rp. 13.554.341.000	Rp. 12.253.615.796	Rp. 1.300.726.796	90,40%
2. Operating expenditure	Rp. 11.928.916.998	Rp. 10.641.820.796	Rp. 1.287.096.202	89,21%
3. Employee expenditure	Rp. 6.208.941.000	Rp. 5.837.700.673	Rp. 481.919.267	94,02%
4. Expenditure for Goods and Services	Rp. 5.719.975.998	Rp. 4.804.120.123	Rp. 915.855.875	83,99%
5. Capital expenditure	Rp. 1.625.424.002	Rp. 1.611.795.000	Rp. 13.629.002	99,16%
Average				52,43%

Based on the calculations from the data in table I, it can be seen that the South Sumatra Provincial Archives Service obtained an average of efficient spending = $90.40\% + 89.21\% + 99.16\% + 94.02\% + 83.99\% = 456.78\% / 5 = 91\%$. The Archives Service has used the budget efficiently by 91%. In addition, the efficiency ratio for these expenditures is $100\% - 91\% = 9\%$. Efficiency in budget management from an Islamic perspective is highly emphasized. It aligns with Islamic principles, which teach respect for every asset one has, including financial management. In this context, the South Sumatra Province Archives Service has achieved a pretty good spending efficiency, with an average efficiency of 91% in 2021. Even though there is still 9% of the budget that is inefficient or not used optimally, it should be remembered that spending efficiency standards that should be less than 60%. Therefore, the achievement of spending efficiency of 91% by the South Sumatra Provincial Archives Service shows that the financial management carried out by this agency is quite good. In addition, efficient financial management is also a mandate from Allah SWT,

which must be fulfilled by those responsible for managing state finances as well as possible.

Analysis of the Effectiveness and Efficiency of the APBD Budget on the Realization of the Regional Revenue and Expenditure Budget of the Government of the South Sumatra Provincial Archives Service for the 2020-2021 Period

Local governments are responsible for managing public finances as well as possible to provide the best service to the community. Therefore, it is imperative to evaluate the APBD budget and the realization of the regional income and expenditure budget to find out the extent of the financial performance of the South Sumatra Provincial Archive Service Government in the 2020-2021 period. Through analysis of budget efficiency and effectiveness, it is hoped that factors that influence financial performance, both positive and negative, can be found. The results of data analysis on the effectiveness and efficiency of the APBD budget on the realization of the regional government revenue and expenditure budget for the South Sumatra Province Archives Service for the 2020-2021 period are described as follows.

Table 4. Effective Ratio of the Regional Revenue and Expenditure Budget of the Government of the South Sumatra Province Assistance Office

Years	Budget	Realization	Percentage	Effective Analysis
2020	Rp. 12.052.791.376	Rp. 9.437.295.381	78,30%	Quite effective
2021	Rp. 12.253.615.796	Rp. 13.554.341.000	90,40%	Effective

Based on table 3, it can be seen that in 2020, the revenue effectiveness ratio of the South Sumatra Provincial Archive Service is still below the target, which is only 78.30%. In this case, the revenue effectiveness ratio is the government's ability to use revenues effectively and efficiently to achieve specific goals. With a percentage of 78.30%, some revenue still needs to be used optimally to achieve government goals. Therefore, the effectiveness criteria were still relatively low in 2020. However, in 2021, the revenue effectiveness ratio for the Government of the South Sumatra Province Archive Service will increase and reach 90.40%. It shows that the Government of the South Sumatra Provincial Archive Service has used its revenues effectively and efficiently to achieve the goals set. In this case, the revenue effectiveness criterion, which reaches 90.40%, can be categorized as very effective. By increasing the revenue effectiveness ratio in 2021, the South

Sumatra Provincial Archives Office can continue to improve its performance and make optimal use of revenue in achieving the goals that have been set.

The effectiveness of APBD policy implementation from an Islamic perspective can be assessed from several aspects. First, the policy must comply with Islamic sharia principles, such as justice, balance, transparency and accountability. Second, the policy must provide maximum benefits for the community to meet their basic needs. In the context of APBD, effectiveness can be assessed using public funds following the development priorities set out in the policy (Geovani & Susanti, 2020). In addition, effectiveness must also be seen from its impact on people's welfare and sustainable infrastructure development. However, the effectiveness of APBD implementation from an Islamic perspective must still pay attention to the principles of justice and balance in the management of public funds (Manoppo et al., 2017). It is related to good financial governance, including oversight and accountability for using public funds. In this case, the government must involve all stakeholders in planning, budgeting and implementing the APBD, including the public and interested parties (Cordes et al., 2015). In addition, an effective monitoring and control mechanism is also needed to prevent the misuse of public funds (Olurankinse Felix, 2012). The budget efficiency ratio report can be seen in table 5.

Table 5. Regional Budget Efficiency Ratio of the Government of the Government of South Sumatra Province Assistance

Years	Budget	Realization	Percentage	Efficient Analysis
2020	Rp. 12.052.791.376	Rp. 9.437.295.381	17%	Very efficient
2021	Rp. 12.253.615.796	Rp. 13.554.341.000	9%	Very efficient

Based on table 4, the South Sumatra Province Archive Service Government has succeeded in achieving the criteria of being very efficient in using the regional budget in 2020 and 2021. It can be seen from realizing regional spending within the budget targets.

Efficient level, from the results of research regarding the calculation of the efficient ratio of regional spending at the Archives Service of the Province of South Sumatra for 2020-2021, it is considered very efficient every year which has reached a ratio of 17% in 2020 and in 2021 it will obtain a percentage of 9%.

The research results regarding calculating the effective ratio of original regional income for the Archives Service of the Province of South Sumatra for 2020-2021 are considered sufficient. It is because the South Sumatra Provincial Archives Service realized revenue that was smaller than the revenue budget target, namely obtaining a percentage of 78.30% in 2020 and an increase of 90.40% in 2021 which was considered very effective.

Regional expenditure efficiency is critical to ensure the budget's effective and efficient use and optimize the use of existing resources (Ansar, 2022). In the context of APBD implementation, local governments must ensure that each budgeted program and activity can be carried out correctly following the set targets (Abed et al., 2022; Petra & Sari, 2021). Previous research has shown that the effectiveness and efficiency of APBD implementation are highly dependent on good planning, systematic monitoring and evaluation, community participation in decision-making, and transparency and accountability in budget management (A. Rahman et al., 2021; Setyadi et al., 2022). Thus, the Government of the South Sumatra Provincial Archives Service needs to continue to improve and increase the quality of planning, monitoring and evaluation in the implementation of the APBD so that the use of the regional budget can be more effective and efficient in the future.

From an Islamic perspective, the efficiency and effectiveness of public budgets are significant to ensure that public funds are running smoothly and following Islamic values. One of the values that must be considered is the principle of justice. Namely, the use of public funds must be equitable and not discriminatory. In this case, the South Sumatra Provincial Archives Service has maintained a high-efficiency level each year, with a spending efficiency ratio of 17% in 2020 and 9% in 2021. In addition, the effectiveness of regional revenues is also maintained by realizing more revenue below the target revenue budget. It shows that the Archives Service has managed public funds wisely and transparently. In addition, from an Islamic perspective, the efficiency and effectiveness of public budgets must also pay attention to environmental sustainability and human survival (Khan et al., 2022; Mangindaan & Manossoh, 2018). Therefore, the government is expected to consider using public funds to improve the environment and people's welfare sustainably.

The South Sumatra Provincial Archives Service can increase the effectiveness and efficiency of public budgets by considering Islamic values, environmental sustainability, and community welfare. Thus, the government can

ensure that public funds are equitable, transparent, and sustainable and improve people's quality of life. In conclusion, the effectiveness of APBD policy implementation from an Islamic perspective is not only determined by the extent to which budget targets have been achieved. However, we also must pay attention to aspects of Islamic sharia principles, benefits to society, and fairness and balance in managing public funds.

E. CONCLUSION

Based on the research results provided, both effectiveness and efficiency were analyzed in the context of state revenue and expenditure budget policies in South Sumatra from an Islamic perspective. In terms of effectiveness, the study found that the implementation of the state revenue and expenditure budget policy in South Sumatra was effective and same as the budget realization between the expected targets and the results obtained. However, the study also highlighted that in 2020, the South Sumatra Provincial Archives Service had not yet reached the target by obtaining a percentage of 78,30%, which means that the realized revenue was lower than the budget target. In contrast, in 2021, the Archives Service achieved the target, obtaining a percentage above 90%, which indicates an improvement in the effectiveness of the policy.

In terms of efficiency, the study found that the Archives Service for the Province of South Sumatra has succeeded in saving spending, and the spending did not exceed the budget target in 2020–2021. Thus, it is classified as very efficient. The study also advised the South Sumatra Province Archives Service government to remain consistent at an efficient level and realize regional spending within the budget target to continue savings pending. Therefore, based on the research results provided, it can be concluded that the state revenue and expenditure budget policies in South Sumatra are both effective and efficient from an Islamic perspective.

In Islamic economics, the concept of mizan (balance) is emphasized, which applies to both income and expenses. The Archives Office of the Province of South Sumatra has achieved the target revenue level while maintaining pending efficiency in line with the mizan (balance) principle. Therefore, the steps suggested are in line with Islamic economic principles in promoting a just and balanced economic system.

Recommendations for further research are that researchers can add research variables to measure the performance of regional financial management in

increasing the APBD. Variables can focus on the expenditure reside with the Financial Performance Analysis of Regional Expenditures, among others, by the Analysis of Regional Expenditure Variances, Analysis of Regional Expenditure Growth and Analysis of Regional Expenditure Consistency.

REFERENCES

- A. Rahman, Fatmawati, Sahabuddin, R., & Karim, A. (2021). The Effectiveness for Regional Budget of Revenue and Expenditure as a Control Tools in Enrekang Regency Governments. *Saudi Journal of Economics and Finance*, 5(4), 173–179. <https://doi.org/10.36348/sjef.2021.v05i04.006>
- Abed, H. M. A., Nofal, M. I., Alnasr, F., Alsheikh, G. A. A., & Alnawafleh, E. A. T. (2022). The Influence of Service Quality, Customer Satisfaction and Bank Image on Customer Loyalty in Palestinian Islamic Banks. *Journal of Management Information and Decision Sciences*, 25(4), 1–18.
- Abidin, M. Z. (2016). Konstitusionalitas Kebijakan Belanja Subsidi Bahan Bakar Minyak dalam Anggaran Pendapatan dan Belanja Negara. *Jurnal Konstitusi*, 10(2), 261. <https://doi.org/10.31078/jk1024>
- Adawiyah, W., & Kusuma, I. C. (2015). Analisis Kontribusi Dan Efektivitas Sumber-Sumber Pendapatan Asli Daerah Dan Dana Perimbangan Terhadap Anggaran Pendapatan Dan Belanja Daerah (Apbd) Pemerintah Daerah Kota Sukabumi. *Jurnal Akunida*, 1(1), 17–26.
- Afiah, N. N., & Azwari, P. C. (2015). The Effect of the Implementation of Government Internal Control System (GICS) on the Quality of Financial Reporting of the Local Government and its Impact on the Principles of Good Governance: A Research in District, City, and Provincial Government in Sou. *Procedia - Social and Behavioral Sciences*, 211, 811–818. <https://doi.org/10.1016/j.sbspro.2015.11.172>
- Aini, H., Kenamon, M., & Anggraini, Y. (2020). Analisis Kinerja Anggaran Pendapatan Dan Belanja Daerah Pada Pemerintah Daerah Kabupaten Oku Periode 2013-2017. *Jurnal Akuntansi Dan Keuangan*, 11(1), 18. <https://doi.org/10.36448/jak.v11i1.1393>
- Ansar, T. (2022). Efektifitas Implementasi Kebijakan Anggaran Pendapatan dan Belanja Daerah (APBD) Tahun 2013 Dan 2014 Dinas Sosial Kabupaten

- Konawe Selatan. *ULIL ALBAB : Jurnal Ilmiah Multidisiplin*, 1(3), 311–320.
- Assidi, B. (2016). Analisis Kinerja Keuangan Anggaran Pendapatan dan Belanja Daerah (APBD) Kabupaten Klaten Tahun 2008-2012. *Jurnal Profita: Kajian Ilmu Akuntansi*, 4(5), 1–11.
- Badwan, N. L., Blazhenkova, N. M., Klicheva, E. V., Karaev, A. K., & Yarullin, R. (2017). Increasing the efficiency of the state fiscal and budgetary policy in modern conditions. *International Journal of Applied Business and Economic Research*, 15(23), 125–138.
- Budiarso, N., Tinangon, J., & Rondonuwu, R. (2015). Analisis Efisiensi dan Efektivitas Pengelolaan Keuangan Daerah pada Dinas Pendapatan Daerah Kabupaten Minahasa. *Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 3(4), 23–32.
- Cahyani, P. D., & Utami, R. F. (2018). Implementation of Sharia Value and Marketing on Customer Satisfaction in Local Sharia Development Bank of Jateng. *International Journal of Islamic Business and Economics (IJIBEC)*, 2(2), 137–145. <https://doi.org/10.28918/ijibec.v2i2.1383>
- Chugunov, I., Makohon, V., Pasichnyi, M., Nikitishin, A., Adamenko, I., Krykun, T., Kaneva, T., Kozarezenko, L., & Sobchuk, S. (2018). Budget Policy of Social Development. In *Budget Policy of Social Development*. Scientific Route. <https://doi.org/10.21303/978-9949-7316-1-9>
- Cordes, T., Kinda, T., Muthoor, P., & Weber, A. (2015). Expenditure Rules: Effective Tools for Sound Fiscal Policy? *IMF Working Papers*, 15(29), 1. <https://doi.org/10.5089/9781498390576.001>
- Creswell, J. W. (2012). Educational Research: Planning, Conducting, and Evaluating Quantitative and Qualitative Research. In *Pearson*. PEARSON.
- Damirah, D., Shalilah, M., Iryanto, R. K., & Alaaraj, H. (2023). Buying and Selling Broker : The Management and Islamic View. *IKONOMIKA: Jurnal Ekonomi Dan Bisnis Islam*, 8(1), 79–102. <https://doi.org/10.24042/febi.v8i1.15744>
- Fadilah, L., Sofyan Mulazid, A., & Silvia Sesunan, Y. (2018). The Effect of Marketing Mix, Brand Image and Service Quality on Customer Loyalty in Bank BNI Syariah. *International Journal of Islamic Business and Economics (IJIBEC)*, 2(2), 127–136.

- Geovani, V., & Susanti, E. (2020). Tingkat Efektivitas Dan Kontribusi Pendapatan Asli Terhadap Anggaran Pendapatan Dan Belanja Daerah Di Kabupaten Berau. *Eco-Build Journal Economy*, 4(1), 54–60.
- Kartika, D., & Kusuma, I. C. (2015). Analisis Rasio Kemandirian, Rasio Efektivitas PAD, dan Rasio Efisiensi PAD Pada Laporan Realisasi Anggaran Pendapatan dan Belanja Daerah (APBD) Kabupaten Sukabumi. *Jurnal Akunida*, 1(2), 23–33.
- Kartika, D., Setiawan, A. B., & Kusuma, I. C. (2016). Analysis of Independency Ratio, Local Revenue Effectiveness Ratio, and Local Revenue Efficiency Ratio of the Budget Realization Report in Sukabumi Regency. *Jurnal Sosial Humaniora*, 7(2), 143.
- Kasdi, A., & Saifudin, S. (2019). Influence of Sharia Service Quality, Islamic Values, and Destination Image toward Loyalty Visitors' on Great Mosque of Demak. *International Journal of Islamic Business and Economics (IJIBEC)*, 3(2), 117–129. <https://doi.org/10.28918/ijibec.v3i2.1909>
- Kementerian Dalam Negeri RI. (2006). *Peraturan Menteri Dalam Negeri (Permendagri) No. 13 Tahun 2006 tentang Pedoman Pengelolaan Keuangan Daerah*. (pp. 1–73).
- Kementerian Dalam Negeri RI. (2011). *Peraturan Menteri Dalam Negeri Nomor 21 Tahun 2011 Tentang Perubahan Kedua Atas Peraturan Menteri Dalam Negeri Nomor 13 Tahun 2006 Tentang Pedoman Pengelolaan Keuangan Daerah* (Vol. 45, Issue July, pp. 1–7).
- Kementerian Dalam Negeri RI. (2014). *Peraturan Menteri Dalam Negeri Republik Indonesia Nomor 37 Tahun 2014 Tentang Pedoman Penyusunan Anggaran Pendapatan Dan Belanja Daerah Tahun Anggaran 2015* (Vol. 16, Issue 1994, pp. 1–37).
- Kementerian Dalam Negeri RI. (2015). *Peraturan Menteri Dalam Negeri Republik Indonesia Nomor 72 Tahun 2015 Tentang Perubahan Atas Peraturan Menteri Dalam Negeri Nomor 37 Tahun 2014 Tentang Pedoman Penyusunan Anggaran Pendapatan Dan Belanja Daerah Tahun Anggaran 2015* (pp. 1–4).
- Kementerian Dalam Negeri RI. (2020). *Peraturan Menteri Dalam Negeri Republik Indonesia Nomor 77 Tahun 2020 Tentang Pedoman Teknis Pengelolaan Keuangan Daerah* (pp. 1–445).
- Khan, R. U., Salamzadeh, Y., Iqbal, Q., & Yang, S. (2022). The Impact of

- Customer Relationship Management and Company Reputation on Customer Loyalty: The Mediating Role of Customer Satisfaction. *Journal of Relationship Marketing*, 21(1), 1–26. <https://doi.org/10.1080/15332667.2020.1840904>
- Lannai, D., & Amin, A. (2020). Factors Affect Budget Absorption In Government Institutions of South Sulawesi. *Atestasi : Jurnal Ilmiah Akuntansi*, 3(2), 113–119. <https://doi.org/10.57178/atestasi.v3i2.255>
- Lestari, N. N. S. A., Bagia, I. W., & Jana, G. P. A. S. (2018). Pengaruh Anggaran Pendapatan Belanja Negara (Apbn) Terhadap Belanja Langsung Pada Pemerintah Daerah Kabupaten / Kota. *Bisma: Jurnal Manajemen*, 4(1), 24–33.
- Mangindaan, J. V., & Manossoh, H. (2018). Kualitas Sumber Daya Manusia Pemerintah Desa Dalam Pengelolaan Dana Desa Yang Bersumber Dari Anggaran Pendapatan Dan Belanja Negara Di Kecamatan Tabukan Utara Kab. Kepulauan Sangihe. *Jurnal Lppm Bidang EkoSosBudKum*, 4(1), 35–49.
- Manoppo, M., Ilat, V., & Tirayoh, V. Z. (2017). Analisis Efektivitas Anggaran Pendapatan dan Belanja Daerah Pemerintah Kabupaten Bolang Mongondow Timur (Tahun Anggaran 2014-2015). *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 5(2), 2297–2306.
- Olurankinse Felix. (2012). Analysis of the effectiveness of capital expenditure budgeting in the local government system of Ondo State, Nigeria. *Journal of Accounting and Taxation*, 4(1), 1–6. <https://doi.org/10.5897/jat11.038>
- Petra, B. A., & Sari, Y. P. (2021). Analisa Efektivitas Dan Efisiensi Pelaksanaan Anggaran Pendapatan Belanja Daerah Provinsi Sumatera Barat. *Jurnal Ekobistek*, 10(1), 84–88. <https://doi.org/10.35134/ekobistek.v10i1.87>
- Pilat, J. J., & Jenny, M. (2017). Analisis Rasio Keuangan Anggaran Pendapatan Dan Belanja Daerah (Apbd) Kota Manado Untuk Menilai Kinerja Keuangan Pemerintah Kota Manado Tahun Anggaran 2011 - 2015. *Jurnal Accountability*, 06(01), 45–56.
- Safpremi, Y., Putri, A. M., & Ahyaruddin, M. (2022). Faktor-Faktor Yang Mempengaruhi Penyerapan Anggaran Pendapatan Dan Belanja Daerah (Apbd) Pemerintah Kabupaten Pasaman. *Balance : Jurnal Akuntansi Dan Bisnis*, 7(2), 188. <https://doi.org/10.32502/jab.v7i2.5386>
- Sari, D. N., Mintarti, S., & Pattisahusiwa, S. (2018). Analisis efektivitas dan efisiensi pelaksanaan anggaran belanja. *Kinerja*, 15(1), 38.

<https://doi.org/10.29264/jkin.v15i1.4051>

- Setyadi, B., Helmi, S., Ismail, S., & Mohamad, S. (2022). The Effect of Internal Marketing of Islamic Banks in Palembang City on The Quality of Customer Service With Job Satisfaction as a Mediator. *Ikonomika : Jurnal Ekonomi Dan Bisnis Islam*, 7(1), 57–74. <https://doi.org/https://doi.org/10.24042/febi.v7i1.13703>
- Sinambela, E., & Pohan, A. K. R. (2016). Analisis Kinerja Anggaran Pendapatan dan Belanja Daerah pada Pemerintah Provinsi Sumatera Utara. *Jurnal Riset Akuntansi & Bisnis*, 53(9), 1689–1699.
- Tulangow, A. P., & Runtu, T. (2014). Analisis Realisasi Anggaran Pendapatan Dan Belanja Daerah Pemerintah Kota Bitung. *Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 2(4), 564–571.
- Villela, L., Lemgruber, A., & Jorratt, M. (2010). Tax Expenditure Budgets: Concepts and Challenges for Implementation. *Idb Working Paper Series, IDB-WP-131*, 1–61.
- Wira, A., Desya, F., Lubis, M. Z. M., & ... (2022). Impact of Corporate Social Responsibility Funds From PT. Telkom Indonesia on MSMEs Development in Padang City: an Islamic Economic Perspective. *IKONOMIKA: Jurnal Ekonomi Dan Bisnis Islam*, 7(1), 135–150. <https://doi.org/https://doi.org/10.24042/febi.v7i1.13802>
- Yusmat, M. A., Bakri, A. N., & Rizaldy, M. R. (2023). Optimization The Role of Sharia Bank in National Economic Recovery Through Results-Based Micro-Finance. *IKONOMIKA: Jurnal Ekonomi Dan Bisnis Islam*, 8(1), 53–78. <https://doi.org/https://doi.org/10.24042/febi.v8i1.15932>