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Regional Financial Public Services Evaluation Based on Regional Budget and Expenditure

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Abstract. An evaluation of the financial performance in the regional expenditure budget management is seen from the independence of the regional financial ability, the effectiveness of budget, expenditure efficiency, the compatibility level of expenditure, income growth as well as efforts in enhancing the performance of regional financial. This evaluative research employed a quantitative descriptive method using the discrepancy model. The data were generated using the note-taking method and were further analyzed by employing a financial ratio. The new findings in this research are the level of independence, financial ratio, and growth rate of regional financial performance of Gorontalo Utara Regency comprise (1) the financial independence of the area; (2) the efficiency ratio is of good category; (3) the efficiency ratio is of less efficient category; (4) the expenditure compatibility is of good category; (5) the growth level is not ideal but it shows a positive growth with the index of financial ability in moderate category. Efforts have been attempted to enhance the financial performance of Gorontalo Utara regency, including the intensification in order to further explore and to generate the local-source revenue.

Keywords: regional financial, financial performance, financial ratio

Introduction

The implementation of Act Number 23 Year 2014 which has been amended by Act Number 9 of 2015 concerning Regional Government and Act Number 33 of 2004, concerning Financial Balance between Central and Regional Government has led to changes regarding the regulation of relations between the central and the regions, specifically in the field of government administration and in the financial relations between the Central and Regional Governments, known as the era of regional autonomy. Therefore, according to Tarmizi (2010), in the context of implementing real and responsible regional autonomy, the local revenue sector plays a very important role. Meanwhile, according to Karina and Noerainy (2016), the importance of regional financial variables is related to the fact that mobilization of regional financial resources is seen as the most crucial part of the administration of regional government.

Halim (2009) defines the term "regional financial" as rights and obligations, including all forms of assets of a region that can be assessed with money. Such forms of wealth are not under the ownership of a state or other regions according to the act or legislation. According to Akbar (2002), regional financial refers to all rights and obligations of a region in the context of regional government that can be assessed with money. This also involves all forms of assets relating to the rights and obligations of a region in the context of regional revenue and expenditure budget (henceforth called APBD). Bastian (2001) defines APBD as the embodiment of the works of regional government annually and it is oriented towards conceptualizing public welfare. Furthermore, Saragih (2003) asserts that APBD is the basis for the management of an annual regional financial. This is very important as stated by Rante et al. (2017) that good regional financial management will affect regional economic development.

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The management of regional financial is to find resources of regional funding by looking for structured potential and capability. This is accomplished through systematical planning, efficient and effective use of funds, as well as a timely report. Sedarmayanti (2003) defines the term performance as a result of a person's work and overall management by an organization in which the outcome of the work must be measured and compared with a particular, established standard. Ayu (2018) states that ratio analysis is used as one of the indicators in analyzing the performance of regional financial management. Mardiasmo (2002) defines a system of the measurement of public sector performance as a system designed for assisting a public manager to examine the certain achievement of a strategy using financial and non-financial measurement. The results of financial ratio analysis, according to Halim (2001), is aimed at 1) Assessing the independence of the regional financial in funding the implementation of regional autonomy. 2) Measuring the effectiveness and efficiency of the conceptualization of regional revenue. 3) Measuring the extent of the regional government's activities in spending its revenue. 4) Measuring the contribution of each resource in shaping the regional revenue. 5) Monitoring the growth/development of revenue and expenditure in a certain period.

The preparation of financial statements is very important. Referring to Darminto (2011), financial statements are the object of analysis of financial statements. Mahmudi (2010) also explains that the financial statements of local governments are a means of controlling and evaluating performance for the regional government as a whole and the work units in it. The use of ratio analysis in the public sector, particularly APBD, has not been done much. Theoretically, there has yet a unanimous agreement regarding the name and measurement of the analysis. Despite this, a transparent, democratic, effective, efficient, and accountable regional financial management is required in the context of public service performance. One of the tools to analyze the performance of local governments is by analyzing the financial ratios of the APBD that are determined and implemented (Halim, 2008). The ratio analysis for APBD is necessary despite that the principle of accounting in APBD is different from those of private companies. Mahmudi (2007) claims that the financial independence ratio shows the ability

of regency governments to finance their own government activities, developments, and services to the community. Among the attempts for measuring the performance of the regional financial public service is to analyze the financial ratio in the established APBD. The measurement of performance is based on Act Number 9 of 2015 considering the Regional Government and Act Number 33 of 2004 considering Financial Balance between Central and Regional Government. Furthermore, the measurement is done using the financial ratio that can be developed based on the financial data from APBD. Assessing the financial performance of regional government is also aimed at examining the independence of the regional financial in funding the implementation of regional autonomy and measuring some aspects, such as the effectiveness and efficiency in conceptualizing regional income, measuring the extent to which local government spend its revenue, examining the contribution of each source of income in forming regional income, monitoring the growth and development of income and expenditure during a certain period. This suggests that creativity and initiative in exploring the financial resources are determined by the regional government policy.

In the light of the above discussion, the objectives of this research are twofold: It firstly aims at exploring the performance of the regional financial public service based on the ratio of APBD which covers aspects, i.e., independence, effectiveness, efficiency, the compatibility of the expenditure, and the level of growth of Gorontalo Utara regency. It also attempts at finding out efforts that must be attempted to enhance the financial performance of Gorontalo Utara regency.

Research Methodology

This research employed a quantitative descriptive method; it is a research methodology where it analyzes the data of the facts and the characteristics of the research object that are collected systematically. Furthermore, the analysis also integrates the interrelation of the variables within the research which are further interpreted based on theories and literature relating to the evaluation of the program. The data were from the Statement of Budget Realization that is analyzed to provide a view of the financial ratio of APBD. This research used evaluative methodology. Arikunto (2004)

views evaluation as a process that determines the outcome of activities that have been designed to ascertain a particular goal. Furthermore, the term evaluation also refers to some processes encompassing the illustration, exploration, and dissemination of insight that benefit a decision-maker in determining alternative decisions. This research evaluates the performance of the regional financial of Gorontalo Utara regency by comparing the elements within the Statement of Budget Realization of the expenditure and revenue of APBD.

An outline is essential in undertaking a program evaluation research. Husein (2005) defines this as all the processes carried out in planning and implementing particular research. Designing an outline is a pre-requisite of quality research as it drives the conduct of the research. This resonates with the result seen in Hasan M (2002) explaining that "research design is the framework of a particular study; it functions to gather, measure, and analyze data by which it helps to address the research questions." In light of the above discussion, the term research design can be regarded as all processes in research which encompasses the planning and the implementation of the study in a certain period.

This research employed evaluative design with the discrepancy model. The rationale for selecting the model is to identify the compatibility level between the established standard and the performance of the regional financial of Gorontalo Utara regency. In such a context, this research evaluates the financial performance of Gorontalo Utara regency by comparing the elements within the Statement of Budget Realization of APBD. Some individuals were selected as the subject or respondent of research to provide information regarding particular facts or opinions. This represents the argument by Arikunto (2006) defining the term "research subject." In other words, a research subject is the source of information that contributes to gaining in-depth facts in research. Research subject refers to a person, object, or certain entities. The subject of this research selected from the population in the research site. This method is done if the subject comprises all populations, i.e., the secondary data of the Statement of Budget Realization of APBD.

The secondary data were from the annual Statement of Budget Realization

from the Office for Management of Regional Revenue, Finance and Assets (henceforth called DPPKAD) of Gorontalo Utara regency. This statement is published through the local regulation considering the Accountability of APBD in which it contains the financial report used as the basis of data analysis through an in-depth observation. The permission for collecting the data has been granted by the Head of DPPKAD of Gorontalo Utara Regency. In the first step of this research, a Statement of Budget Realization for the 2011 to 2015 period was requested. This statement contains all the realization of local revenue and expenditure. Following this step is to select some aspects to be evaluated according to the guideline of the regional financial ratio analysis. The secondary data from the statement of budget realization of the local expenditure and revenue were analyzed quantitatively using financial ratio analysis.

In addition, the evaluation criteria were also used to scrutinize the data. In program evaluation, criteria functions as the benchmark of the achievement of a program according to the established indicators. The criteria for evaluating the performance of regional financial public service comprise the independence of the regional financial, efficiency level, the compatibility level of the expenditure, and the growth of the regional financial.

Halim (2001) mentions four interrelation patterns that bring a concept of "Situational Relationship" which is applicable in the implementation of Act Number 33 and 25 of 1999 Considering the Financial Balance between Central and Regional Government. The patterns are: a) Interactive Relationship Pattern, the role of the central government is more dominant than the independence of the regional government (inability to implement Regional Autonomy), b) Consultative relations pattern, a decline in the intervention of the central government because the regional government is more capable of carrying out regional autonomy, c) Participatory relations pattern, the role of the central government has begun to diminish given that the region concerned is close to being able to carry out regional autonomy, d) Delegative relations pattern, the absence of the intervention of the central government because the regional government is fully capable of carrying out its autonomy.

Table 1 shows the pattern of the interrelation of the regional financial ability.

Table 1
Assessment of the Independence of Regional Financial

Regional Capabilities	Level of Independence %	Correlation Pattern
Very Low	0-25	Interactive
Low	25-50	Consultative
Moderate	50-75	Participative
High	75-100	Delegative

Adapted from: Halim (2001)

Table 2
Guideline of the Assessment of Performance Effectiveness on the Local Own-source Revenue

Percentage of the Financial Performance (%)	Criteria
100 and above	Very effective
90 – 100	Effective
80 – 90	Sufficiently effective
60 – 80	Less effective
Below 60	Not effective

Adapted from: Mahsun 2006

Table 3
Assessment Guideline and the Performance of Financial Efficiency

Percentage of the Financial Performance (%)	Criteria
Below 60	Very efficient
60 -80	Efficient
80 – 90	Less efficient
90 – 100	Sufficiently efficient
100 and above	Not efficient

Adapted from: Mahsun 2006

Table 2 is the assessment of the effectiveness level in conceptualizing the local own-source revenue. The local own-source revenue is considered effective if the ratio achieves 100% or more. In other words, the more the ratio, the better the government performance.

The analysis of the efficiency of the regional financial can be calculated using the efficiency ratio or a ratio depicting a comparison between the output and input or the conceptualization of the regional expenditure and revenue. It indicates in Table 3.

The analysis of the compatibility of expenditure functions to examine the balance between expenditure. Mahmudi (2016) asserts that this point correlates with the function of the budget as a means of distribution, allocation, and stabilization. One of the crucial elements in measuring the level of expenditure compatibility is the use of direct and indirect expenditure ratio analysis. Direct expenditure refers to the activities that correlated directly to

the expenditure activities while the indirect one does not directly in contact with the implementation of the activities. The direct expenditure is supposed to outnumber the indirect expenditure considering that direct expenditure significantly affects the quality of output.

The growth ratio examines to which extent the capabilities of regional or city government maintains and improves its success in a certain range of period. A quadrant method is used to examine the growth level.

The next phase of analyzing the capabilities of regional financial is calculating and classifying the financial capability index. The financial capability index is an average of the calculation of growth index, elasticity index, and share index. The maximum and minimum value of these three components are established to arrange the index. It indicates in Table 4.

Table 5 provides information on determining the evaluation criteria.

Table 4
Criteria of the level of Regional Financial Capabilities

Financial Capability Index	Criteria
0.00 - 0.33	Low
0.34 - 0.43	Moderate
0.44 - 1.00	High

Adapted from: Bappenas 2003

Table 5
Criteria of the Evaluation of Regional Financial Performance

Evaluation components	Evaluation aspects	Standard of success
Regional Financial Performance	Level of the Independence of Regional Financial	Delegative
	The effectiveness of the Local Own-source Revenue	Very effective
	The efficiency of the implementation of APBD	Very efficient
	Level of Compatibility of Expenditure	Direct expenditure is higher
	Regional Financial Growth Level	Ideal Quadrant Condition High Financial Capability Index

Adapted from: Bappenas 2003

Table 6
Ratio Analysis of the Regional Independence

Year	$\frac{\text{Local Own-source Revenue}}{\text{Total of Revenue}} \times 100\%$	Ratio
2011	$\frac{10,226,667,142}{388,072,870,099} \times 100\%$	2.64%
2012	$\frac{9,357,736,088}{340,309,044,317} \times 100\%$	2.75%
2013	$\frac{10,881,415,678}{408,355,021,224} \times 100\%$	2.66%
2014	$\frac{20,958,450,360}{463,234,482,893} \times 100\%$	4.52%
2015	$\frac{25,299,904,486}{546,394,919,913} \times 100\%$	4.63%

Source: Statement of Budget Realization 2018

Results and Discussion

Regional financial independence represents the ability of the regional government to fund every government activity, including the development and services for people who have fulfilled their responsibility, i.e., paying taxes. Such responsibility functions as the financial

resources for the area. The interrelation between the central and regional governments must be in accordance with the regional financial ability in funding every government activity and development. This is to drive the implementation of regional autonomy.

The result of ratio analysis of financial independence is provided in Table 6.

The movement of regional financial independence is depicted in figure 1.

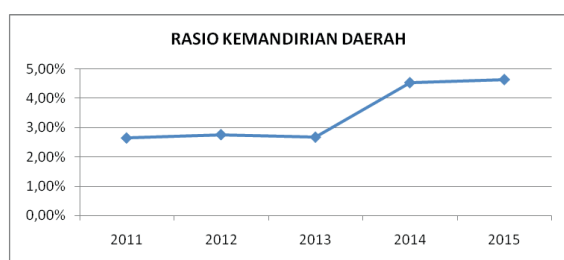


Figure 1. Level of the Regional Financial Independence

Examining the effectiveness level is to determine the success and the failure of the funding target that requires the data of revenue realization and the target of revenue. The result of the effectiveness ratio analysis is provided in Table 7.

The movement of the efficiency ratio is depicted in figure 2.

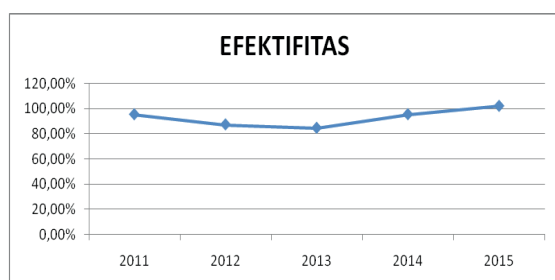


Figure 2. Effectiveness Ratio

The measurement of the efficiency level of the implementation of APBD is intended to identify the efficiency of activity through examining the input and output of the activity; this requires some data on the realization of expenditure and revenue.

The result of the efficiency ratio analysis is provided in Table 8.

The movement of the efficiency ratio is depicted in figure 3.

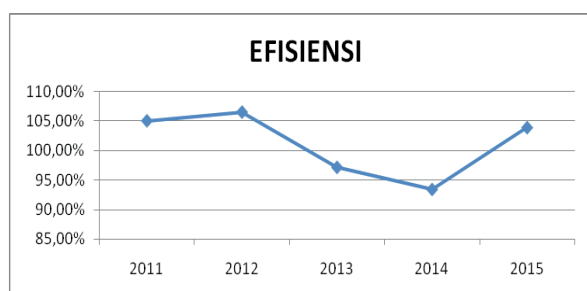


Figure 3. Efficiency Ratio

The effectiveness and efficiency ratio are important to be examined since according to Widjaja (2001) both of these ratios are parts of the principles of universality.

Evaluation of the compatibility of expenditure refers to a ratio depicting how a regional government prioritizes its budget allocation on the direct expenditure in comparison to the indirect one. The higher the percentage allocated for the direct expenditure, the better the quality of the output of government activities.

The result of the analysis of the compatibility level of the expenditure is provided in Table 9.

The movement of the ratio of the compatibility of expenditure is depicted in figure 4.

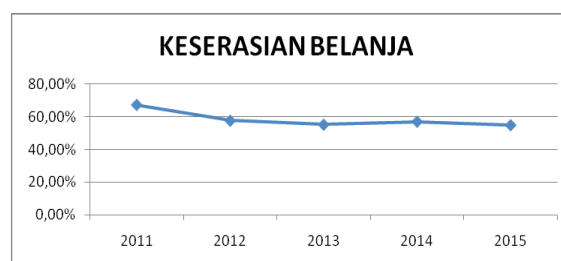


Figure 4. Level of Compatibility of Expenditure

Evaluation of the regional financial growth level is done by considering two aspects, i.e., share and growth. 1) The aspect of share refers to the ratio of local own-source revenue on direct and indirect expenditure. This ratio examines to what extent the capabilities of regional financial provides funding for the aforementioned expenditures. It also is used to examine the capacity of regional financial capabilities.

$$\text{Share} = \frac{\text{Local Own-source Revenue}}{\text{Total of Expenditure}} \times 100$$

The result of the analysis on the data of the Statement Budget Realization of Gorontalo Utara regency 2011 to 2015 is discussed as follows.

Level of the Independence of Regional Financial

The average ratio of the independence of the regional financial of Gorontalo Utara 2011-2015 reaches the percentage of 3.44%. This

Table 7
Effectiveness Ratio Analysis

Year	<i>Ratio Effectiveness =</i> $\frac{\text{Realization of Local Own-source Revenue}}{\text{Target of Local Own-source Revenue}} \times 100\%$	Ratio
2011	$\frac{10,226,667,142}{10,700,000,000} \times 100\%$	95.58%
2012	$\frac{9,357,736,088}{10,700,000,000} \times 100\%$	87.46%
2013	$\frac{10,881,415,678}{12,847,447,996} \times 100\%$	84.70%
2014	$\frac{20,958,450,360}{21,927,440,857} \times 100\%$	95.58%
2015	$\frac{25,299,904,486}{24,738,500,971} \times 100\%$	102.27%

Source: Statement of Budget Realization 2011-2015

Table 8
Efficiency Ratio Analysis

Year	<i>Ratio Efficiency =</i> $\frac{\text{Total of Expenditure}}{\text{Total of Revenue}} \times 100\%$	Ratio
2011	$\frac{407,685,468,885}{388,072,870,099} \times 100\%$	105.05%
2012	$\frac{362,524,704,507}{340,309,044,317} \times 100\%$	106.53%
2013	$\frac{396,910,691,586}{408,355,021,224} \times 100\%$	97.20%
2014	$\frac{433,005,354,562}{463,234,482,893} \times 100\%$	93.47%
2015	$\frac{567,723,939,013}{546,394,919,913} \times 100\%$	103.90%

Source: Statement of Budget Realization 2011-2015

shows that the level of regional independence is still low where the regional government depends on the central government, especially the General Allocation Fund. Regarding the increase in the independence ratio, table 6 shows that the local own-source revenue tends to show an improvement in each year. This is depicted from the increase of the

revenue from Rp10,881,415,678 in 2013 to Rp20,958,450,360 in 2014. This number further escalates in 2015 to Rp25,299,904,486. This signifies a serious effort in increasing the local own-source revenue through intensification and extensification of the revenue sources. Potential sources of regional revenue must be explored maximally while

Table 9
Analysis of the Ratio of Expenditure Compatibility

Year	<i>Compatibility Expenditure</i> = $\frac{\text{Direct Expenditure}}{\text{Total of Expenditure}} \times 100\%$	Ratio
2011	$\frac{273,780,915,818}{407,685,468,885} \times 100\%$	67.15%
2012	$\frac{208,411,789,830}{362,524,704,507} \times 100\%$	57.49%
2013	$\frac{218,343,804,405}{396,910,691,586} \times 100\%$	55.01%
2014	$\frac{246,312,920,162}{433,005,354,562} \times 100\%$	56.88%
2015	$\frac{310,645,004,084}{567,723,939,013} \times 100\%$	54.72%

Source: Statement of Budget Realization 2011-2015

taking into account the applicable laws and regulations. This includes regional taxes and regional levies which have been the main elements of the local own-source revenue. Regional governments must pay serious attention to increasing regional revenue and regional tax and non-tax revenue sharing funds to show their regional fiscal capacity. Such resources are expected to significantly contribute to the total of the regional revenue and the main resources to provide funds for the needs of regional expenditure.

The Effectiveness Level in Conceptualizing the Local Ownsource Revenue

The level of the effectiveness of the local own-source revenue of Gorontalo Utara regency, 2011 - 2015 is seen in figure 2. The effectiveness ratio of the local own-source revenue in 2011-2015 shows an average of 93.12%. According to table 2 on the guideline of the assessment of financial performance, the effectiveness of the revenue is considered effective as it is within the interval of 90%-100%. On the other hand, the effectiveness level of the revenue in 2012 and 2013 is considered low as its percentage is below the interval of 90%, i.e., 87.46% and 84.70%.

This blames the lack of the realization of local own-source revenue on other accounts of the legitimate local own-source revenue of 4,080,403,324. This amount has been budgeted to Rp6,099,587,177. This is due to the low placement of idle funds deposited, resulting in low bank deposit interest receipts that are included in other Legitimate Local Revenues. The decline of the realization of the revenue in 2013 is due to the low Regional Retribution Income at Rp2,586,043,984 that has been budgeted to 3,930,295,185 with the Regional Revenues at Rp2,666,842,877 with the total budget amounted to 3,030,605,146.

The efficiency of the Implementation of APBD

The analysis of the efficiency of the regional financial can be calculated using the efficiency ratio or a ratio depicting a comparison between the output and input or the conceptualization of the regional expenditure and revenue. According to Table 8, the ratio of the efficiency of the regional financial on the revenue of Gorontalo Utara regency from 2011 to 2015 reaches an average of 101.23%. The level of efficiency in this period, based on the guideline of the assessment of financial performance in table

3, is in the interval 100% or above, meaning that the efficiency level is categorized less efficient. This is caused by a high regional expenditure in comparison to the revenue by which it caused a deficit especially in 2012. The realization of the deficit in that year amounts to Rp22,215,660,190.24 with the revenue Rp340,309,044,316.76 and the total expenditure Rp362,524,704,507.00. This situation, as depicted in Figure 3, may adversely affect the financial performance of Gorontalo Utara regency. Figure 3 shows a rise in the inefficiency in 2012 and 2015 despite a surplus in 2013 and 2014 where the regional revenue outnumbers the total regional expenditure.

Level of Expenditure Compatibility

The analysis of the compatibility of expenditure functions to examine the balance between expenditure. This point correlates with the function of the budget as a means of distribution, allocation, and stabilization (Mahmudi, 2016). Table 9 shows the average of the compatibility of expenditure reaches 58.25%, where the realization of direct expenditure outnumbers the indirect expenditure. This indicates that the regional government of Gorontalo Utara regency still prioritizes the public expenditure rather than the indirect expenditure (58.25%). The highest ratio is in 2011 with a percentage of 67.15%. In addition, there is a decline in the level of expenditure compatibility as shown in table 9. This may cause an adverse effect on regional financial performance due to the decline of public expenditure from 2011 to 2011. Such a decline is caused by the fact that some expenditure budget is from the Transfer Fund of the Central Government where it is budgeted for the indirect expenditure, e.g., village funds.

Regional Financial Growth Level

The growth ratio examines to which extent the capabilities of regional or city government maintains and improves its success in a certain range of period. The calculation of the role of Share and Growth of the local own source revenue signifies that the Gorontalo Utara regency falls under the Quadrant II category, meaning that the contribution of share towards APBD is still low with the percentage of 2.923%. On the other hand, the percentage of the growth of revenue is considerably high with

a percentage of 130.277%. This condition is yet to be considered ideal. Despite this, the region has the capabilities to develop its local potential by which the local own-source revenue holds the potential to significantly contribute to APBD of Gorontalo Utara regency in exploring the potential resources of the own-source revenue. This is in the context of exploring the potential own-source revenue that plays a major role in the total expenditure. The financial capability index of Gorontalo Utara regency reaches the index of 0.412. According to the criteria of the level of regional financial performance, the financial performance of Gorontalo Utara regency is categorized moderate during the budget year 2011-2015 (See Table 2.4 Criteria of the level of Regional Financial Capabilities).

The result of this research reveals several crucial aspects to be considered as shown in the following Table 10.

Table 10
Results of the Calculation of Financial Ratio Indicator

Assessment Components	Results	Criteria
Level of Independence	3.44%	Interactive
Effectiveness Level	93.12%	Effective
Efficiency Level	101.23%	Less efficient
Level of Compatibility of Expenditure	58.25%	Public Expenditure Priority
	Quadrant II	Not Ideal
Growth Level	Financial Capability Index 0.412	Moderate Level of Regional Financial Capabilities

This research proposes some efforts that must be attempted to enhance the financial performance of Gorontalo Utara regency, such as (a) intensification to explore the local own-source revenue. This is done by developing infrastructure and improving revenue resources. On the other hand, the government is demanded to disseminate the information regarding the regional regulation for society. This involves tax and retribution to promote tax-minded for people; (b) Prioritizing the achievement in accordance with capacity, both individual and organizational to improve public service especially the ease of access in depositing taxes and regional levies, and providing clear

information to taxpayers. This optimizes the effectiveness of local own-source revenue by increasing the quality of human resources; (c) Optimizing the role of the Government's Internal Control System to achieve the targets set by the government together with the Legislative Council in each regional plan, as well as evaluating the effective use of budget, especially in regional infrastructure so that it can be used to the maximum prosperity of the community; (d) A joint commitment between the executive as the organizer and the legislative in terms of budgetary function to create a synchronized expenditure in setting the APBD so that direct expenditure associating with the community is preferred over indirect spending; (e) Promoting the role of regional private investment by providing easy access and legal certainty by which it drives the growth and development of the regional economy.

Investment is able to drive the regional economic and welfare once all related parties gain maximum benefit from such an activity. In this situation, entrepreneurs earn profits to increase capital and productivity, improve worker's welfare, and expand the business. For employees, the impetus for economic activities, investment, and trade can prevent unemployment issues and improve wages. For the government, increasing production and trade, wages and purchasing power means increasing tax revenues which allow the government to improve the quality of public services. The incoming investment will create a good climate for community welfare and economic growth in Utara regency and increase regional revenue in the form of local own-source revenue.

Conclusions

The conclusions of this present study are as follows: (1) Regional financial performance of Gorontalo Utara regency, according to the ratio of the realization of District Government Budget shows that (a) Ratio of the independence of regional financial in 2011- 2015 reaches the percentage of 3.44%. This implies the local own-source revenue undergoes an increasing trend in each year. (b) The level of effectiveness of the local own-source revenue in Gorontalo Utara regency is considered effective as it is in the interval of 90%-100%. This illustrates that the regency is able to realize its own-source revenue compared to the target set based on the real potential of the region. (c)

The level of efficiency of the implementation of District Government Budget of Gorontalo Utara regency is at an inefficient level because the regional financial efficiency ratio of the regency on the regional income in 2011 to 2015 is in the average of 101.23% or at 100% or above due to the high expenditure area compared to the total regional revenue; (d) The level of expenditure compatibility is at 58.25% where the realization of direct expenditure or public expenditure is still greater than indirect expenditure or apparatus expenditure. This indicates that the government of Gorontalo Utara regency still prioritizes its public services compared to indirect spending. The financial growth rate of Gorontalo Utara regency reveals a low local-own source revenue of 2.923%. However, its growth is quite high at 130.277%. This condition is not ideal, even though the regency has the ability to develop its local potential with an index scale of 0.412, moderate category. Efforts that have been attempted to enhance the financial performance of Gorontalo Utara regency are through intensification and extensification to explore local revenue sources; prioritizing the achievement of results in accordance with capacity, both in-person and organization to improve service to the community; Optimizing the role of the Internal Control System to realize the achievement of predetermined targets; promoting a joint commitment between the executive and the legislature in synchronizing the expenditure; and increasing the role of private investment and regional-owned companies.

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