

### *Analysis of Regional Revenue and Expenditure Budget Realization Reports at the Financial Agency of the Mountainous Papua Provincial Government*



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#### Abstract

This study aims to describe and analyze the preparation process of the Regional Revenue and Expenditure Budget (APBD) Realization Report at the Regional Financial Agency (BPPKAD) of Mountainous Papua Province. Using a qualitative descriptive method with a phenomenological approach, data were collected through triangulation techniques: observation, in-depth interviews, and documentation. The study focused on four sub-foci: the realization of physical and financial reporting (RFK), reporting timeliness, conformity of agency reports with the APBD, and the preparation of the Governor's Accountability Report (LKPJ). The findings reveal that while coordination and reporting mechanisms exist, challenges persist. Realization reporting (RFK) is coordinated periodically, primarily to accelerate absorption evaluation. Reporting schedules are staggered, with annual reports due within three months post-fiscal year. However, conformity is assessed based on adherence to budget calendars, digital reporting order, and accuracy of expenditure details, yet hindered by limited accounting human resources and geographical challenges. The LKPJ is prepared through consolidated performance and financial data. The study concludes that the reporting process is not yet optimal, facing significant obstacles in human resource capacity, inter-agency coordination, and infrastructure, which affects the timeliness and accuracy of financial accountability. Recommendations include substantial investment in human resource capacity building and reinforcement of digital reporting systems.



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## **1. INTRODUCTION**

### **1.1 Background**

The management of regional finances in Indonesia has undergone significant reform since the onset of the decentralization era. Regional autonomy grants local governments the authority to manage their own finances, a responsibility which is operationalized through the Regional Revenue and Expenditure Budget (APBD). The APBD serves not only as an annual financial plan but also as a crucial instrument for planning, control, authorization, and fiscal accountability. A key output of this financial management cycle is the Budget Realization Report (LRA), which compares the budgeted amounts with actual revenues and expenditures over a fiscal period. This report is fundamental for stakeholders to evaluate fiscal discipline, efficiency, and the effectiveness of regional development (Bastian, 2019).

The newly formed province of Mountainous Papua (Provinsi Papua Pengunungan), established in 2022, represents a unique case. As a new autonomous region (Daerah Otonomi Baru - DOB), it faces extraordinary challenges in building its financial governance infrastructure from a nascent stage. The Regional Financial and Asset Management Agency (BPPKAD) is the leading entity responsible for implementing these financial regulations, compiling reports from 8 regencies and various local government work units (SKPD/OPD).

Despite the legal framework provided by Government Regulation No. 12 of 2019 and local regulations, preliminary observations and initial data indicate persistent problems. These include inconsistent timeliness in report submission (some units meet deadlines, others do not), a mix of manual and digital reporting systems due to infrastructural issues like intermittent electricity and communication networks, and a general lack of specialized accounting human resources. These issues jeopardize the production of relevant, reliable, and timely financial reports, which are essential for good governance and public trust.

### **1.2 Research Questions**

Based on the identified background, this study seeks to answer the following questions:

1. How is the process of preparing the APBD realization report at the BPPKAD of Mountainous Papua Province?
2. What are the determining factors influencing the preparation and alignment of these reports with established regulations?

### **1.3 Objectives**

The objectives of this research are:

1. To analyze and describe the process of preparing the financial realization report at the BPPKAD of Mountainous Papua Province.
2. To identify the determinant factors in the preparation of the realization report and the regional revenue and expenditure system.

## **2. LITERATURE REVIEW**

### **2.1 Public Financial Administration**

Public financial administration is the systematic process of planning, budgeting, implementing, recording, reporting, and supervising government finances. Key principles include accountability (responsibility for fund usage), transparency (openness of financial information), consistency, integrity, efficiency (optimal use of resources), and effectiveness (achievement of goals) (Mamesah, cited in the thesis).

### **2.2 Regional Financial Management**

This refers to the financial management system executed by local governments, encompassing all activities from planning to accountability. Its elements include financial planning, budgeting, implementation, bookkeeping, reporting, responsibility, and internal control.

### **2.3 APBD (Regional Revenue and Expenditure Budget)**

According to Law No. 32 of 2018, the APBD is the annual financial plan of a regional government, approved by a regional regulation. It functions as an authorization tool, a planning guide, and a supervisory mechanism. Regional revenue includes all rights of the region recognized as increases in net worth in a fiscal year. Regional expenditure includes all obligations recognized as decreases in net worth. Belanja (expenditure) is categorized into operational expenditure (e.g., personnel, goods), capital expenditure (e.g., infrastructure), unexpected expenditure, and transfer expenditure.

### **2.4 Budget Realization Report (LRA)**

The LRA is a primary financial statement that presents information on the realization of revenue, expenditure, transfer, surplus/deficit, and financing, comparing actual results against the approved budget for a single period. Its purpose is to provide users with a basis to evaluate resource allocation decisions, accountability, and budgetary compliance (Government Accounting Standards, 2019). The LRA is critical for assessing financial performance and fiscal discipline.

### **2.5 Previous Research**

Previous studies (e.g., Erdiansyah, 2020; Fernandes, 2016; Singkoh, 2012) have highlighted the importance of implementing financial accounting standards effectively, the challenges of dependency on central government transfers, and the critical role of human resources, organizational commitment, and leadership in financial system implementation. This research builds upon these findings by focusing on the unique constraints of a new autonomous region in a geographically challenging environment.

## **3. RESEARCH METHODOLOGY**

### **3.1 Research Approach and Type**

This study employs a qualitative descriptive approach with a phenomenological design. This method is chosen to gain an in-depth, contextualized understanding of the financial reporting process as it is naturally experienced and perceived by the actors involved.

### **3.2 Research Location**

The research was conducted at the BPPKAD of Mountainous Papua Province, located in Wamena, Jayawijaya Regency, focusing on the budget years 2022 to 2025.

### **3.3 Data Sources and Collection Techniques**

Data sources were primary (interviews with key informants including the Head of BPPKAD, the Secretary, and division heads for accounting, treasury, and programs) and secondary (regulatory documents, internal reports, LKPI, and archives). Data collection employed triangulation:

1. **In-depth Interviews:** Semi-structured interviews with 4 key informants.
2. **Observation:** Direct observation of the reporting workflow and office environment.
3. **Documentation:** Review of laws (e.g., PP No. 12/2019), local regulations (Perda No. 11/2016), financial statements, and organizational structure.

### **3.4 Data Analysis and Validity**

Data analysis followed the Miles and Huberman interactive model: data collection, data reduction (selecting and focusing data), data display (organizing data for conclusions), and conclusion drawing/verification. Data validity was ensured through credibility (persistent observation, source triangulation), dependability (review by supervisors), transferability (thick description of context), and confirmability (meticulous cross-checking of findings).

## **4. RESULTS AND DISCUSSION**

### **4.1 General Overview of BPPKAD**

The BPPKAD of Mountainous Papua Province was newly established following the province's formation in July 2022. Its primary tasks are executing regional government affairs in financial management, including preparing the APBD, cash management, verification, accounting, and asset management. The agency has a hierarchical structure led by a Head, supported by a Secretariat and several core divisions: Budget, Treasury, Verification, and Accounting. As a new entity, it faces significant growing pains, including adapting to the central government's SIPD (Regional Government Information System) and recruiting qualified staff.

## 4.2 Findings on the LRA Reporting Process

The research focused on four sub-foci. The findings are synthesized below.

### 4.2.1 Realization of Physical and Financial Reporting (RFK)

The RFK is a periodic accountability document measuring physical progress and financial absorption. The study found that the 18 OPDs under the provincial government are required to submit these reports. A key informant (Head of BPPKAD) stated:

*"The reporting of the RFK from the 18 OPDs is coordinated periodically directly with the BPPKAD. This reporting aims to accelerate the evaluation of fiscal absorption."*

Another informant (Subsection Head of Finance) added:

*"Each OPD routinely submits data on field progress and financial absorption to BPPKAD as the basis for cash reporting."*

However, observations revealed that while the coordination structure exists, the quality and depth of the reports vary significantly due to differing capacities across OPDs.

### 4.2.2 Timeliness of Reporting

Timeliness is a major challenge. The official schedule requires monthly reports (due by the 10th of the following month), semester reports, and annual audited reports (within 3 months post-fiscal year, by late March). The Head of the Accounting Division noted:

*"SKPDs submit their final drafts in January or February... to allow BPPKAD to consolidate them into the LKPD [Local Government Financial Report] for submission to the BPK [Supreme Audit Agency], no later than the end of the third month."*

However, field data indicated that not all OPDs comply. The Public Works and Housing Agency (PUPR), for instance, often submitted late reports due to the physical nature and remote locations of its infrastructure projects, causing delays in verification and consolidation.

### 4.2.3 Conformity of OPD Reports with APBD

Conformity is measured by adherence to the budget calendar, digital reporting order, and accuracy of expenditure detail. The BPPKAD uses the DPA (Budget Implementation Document) and Government Accounting Standards (SAP). A significant finding was the audit result. The Head of the Program Subsection stated:

*"Conformity is assessed... although it is sometimes not fully aligned with the APBD due to constraints in the capacity of accounting staff in each agency and geographical challenges."*

This was corroborated by the study's review of the BPK audit opinion for FY2024, which awarded a "Fair with Exception" (WDP) opinion. This indicates that while the financial statements were largely fairly presented, there were material, but not pervasive, non-compliance issues or uncertainty. This confirms the gap between policy and practice.

### 4.2.4 Preparation of the LKPJ (Governor's Accountability Report)

The LKPJ is a final accountability document submitted to the DPRD (Regional Parliament)

within 3 months of the fiscal year's end. The Head of Accounting explained:

*"The LKPJ is prepared through the consolidation of performance achievement data and financial realization... using an integrated application."*

The preparation involves collecting data from all OPDs, drafting by a dedicated team, submission to the DPRD, and subsequent parliamentary deliberation. A unique context for Mountainous Papua is the emphasis on reporting for Special Autonomy Funds (Otsus) and focusing on accelerating infrastructure.

### 4.3 Summary of Findings

Focus Area	Key Findings
<b>RFK Reporting</b>	Periodically coordinated; serves as a tool for absorption evaluation; data submitted by OPDs to BPPKAD. Quality varies.
<b>Timeliness</b>	Staggered schedule exists (monthly, quarterly, annual). However, late submissions from some OPDs (e.g., PUPR) due to human resource and geographic constraints remain a significant problem.
<b>Conformity with APBD</b>	Regulated (DPA, SAP) and monitored. BPK audit gave a "Fair with Exception" (WDP) opinion, indicating significant room for improvement in compliance and accuracy.
<b>LKPJ Preparation</b>	Involves consolidation of OPD reports. It is a comprehensive document submitted to DPRD for evaluation, with a special focus on Otsus funds and development in a new autonomous region.

### 4.4 Discussion

The results demonstrate a clear divergence between formal procedures and actual implementation, a common issue in public administration but acutely felt in a new DOB like Mountainous Papua.

#### 4.4.1 The Challenge of Human Resources and Geography

The most dominant factor affecting all sub-foci is the lack of qualified accounting personnel (competent in SAP) across the 18 OPDs. Many OPDs rely on generalist administrators who lack technical expertise in accrual-based accounting and financial reporting. This leads to errors in recording, delays in reconciliation, and incomplete supporting documentation. The province's mountainous geography and limited telecommunications infrastructure exacerbate this, hindering the consistent use of the mandated SIPD online application and slowing the physical transportation of documents from remote districts.

#### 4.4.2 The Implementation Gap in Systems

While BPPKAD has implemented systems (SIPD, monthly coordination meetings, verification units), a "implementation gap" persists. The requirement for an "integrated application" for the LKPJ, for example, is hindered by intermittent internet access in several OPD locations. Consequently, some OPDs fall back on manual systems, which increases processing time and error rates at the BPPKAD consolidation stage.

#### 4.4.3 Implications for Accountability

The WDP audit opinion is a critical indicator. It signifies that while Mountainous Papua has made a good start (a positive step for a DOB), the path to "Unqualified Opinion" (WTP) requires systemic fixes. The issues found are not random errors but systematic problems linked to capacity, compliance monitoring, and inter-agency coordination. Without addressing the root causes (HR and infrastructure), enforcing stricter deadlines and regulations will not solve the problem.

## 5. CONCLUSION AND RECOMMENDATIONS

### 5.1 Conclusion

This study concludes that the preparation of the APBD Realization Report at the BPPKAD of Mountainous Papua Province is not yet optimal. While the structural, legal, and procedural frameworks are in place, their implementation is significantly hampered.

1. **RFK Reporting:** Coordination exists, but the quality of data from OPDs is inconsistent, affecting the value of absorption evaluation.
2. **Timeliness:** Formal deadlines are not consistently met due to internal capacity issues and external logistical constraints.
3. **Conformity:** Reports

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