

## **THE IMPACT OF THE COVID-19 PANDEMIC ON THE FINANCIAL PERFORMANCE OF THE BANTEN PROVINCIAL GOVERNMENT FOR THE FISCAL YEAR 2019 – 2020**

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### **Abstract**

This study aims to determine the Impact of the Covid-19 Pandemic on Government Financial Performance in Banten Province before and after the Covid-19 Pandemic. This study also aims to find out whether there is a difference by comparing the Government's Financial Performance in Banten Province before and after the Covid-19 Pandemic. Methods: The data used in this study are secondary data consisting of data from the Realization Report of the Regional Government Revenue and Expenditure Budget for the Banten Province for the period 2019 – 2020. The test tool used is non-parametric using the Wilcoxon Signed-Ranks Test. This data was obtained from the official website of the Banten Province Information and Documentation Management Officer (PPID), Data Portal ([kemenkeu.go.id](http://kemenkeu.go.id)), Banten Province Regional Financial Statistics 2019 and Banten Province Regional Financial Statistics 2020. The variable used in this study is the independence ratio, regional finance, the effectiveness ratio of Regional Original Income (PAD), the ratio of regional financial efficiency and the ratio of unexpected expenditures. The test results from the Wilcoxon Signed-Ranks Test showed that there were no significant differences between the level of regional independence and efficiency before and after the Covid-19 Pandemic, while effectiveness and unexpected spending showed significant differences before and during the Covid-19 Pandemic.

Keywords: Impact of Covid-19, APBD, financial performance ratio

### **INTRODUCTION**

According to the Decree of the Minister of Health of the Republic of Indonesia (2020) Coronavirus Disease 2019 (COVID-19) is an infectious disease caused by Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-Cov-2). SARS-Cov-2 is a new type of coronavirus that has never been identified before in humans. Common signs and symptoms of COVID-19 infection include acute respiratory distress such as fever, cough, and shortness of breath. On December 31, 2019, the WHO China Country Office reported a case of pneumonia of unknown etiology in Wuhan City, Hubei Province, China. On January 30, 2020, WHO designated the incident as a Public Health Emergency of International Concern (PHEIC), and on March 11, 2020, WHO had designated COVID-19 as a pandemic (Decree of the Minister of Health of the Republic of Indonesia, 2020).

In the United Cities and Local Government article entitled The impact of the Covid-19 pandemic on regional finances. Emergency governance for cities and regions in January 2021, said that the aftermath of the Covid-19 emergency put very significant pressure on local finances and had led to a concomitant increase and decrease in revenues. This regional

expenditure is used, for example, for the purchase of new equipment, health services, social services and cleaning. The decrease in revenue could be due to, for example, a reduction in property transactions and parking fees (UCLG, 2021).

On the other hand, the Indonesian government also makes social distancing policies and PSBB, or Large-Scale Social Restrictions which aim to reduce the impact of the economic crisis (Nasution in Onibala et al.2021). According to Nemeč & Spa (2020) there is not a single government in the world that is fully prepared in the face of the Covid-19 pandemic. According to Morath dan Chaney in Maher (2020) the global scale of the Covid-19 pandemic has devastated the economy with nearly 95 percent of Americans following stay-at-home orders, more than 16 million people applying for unemployment insurance, businesses closing and events canceled, this is very different from the conditions of the previous economic crisis.

From the epidemiological aspect of the Covid-19 pandemic in Banten Province sourced from the official website of the <https://covid19.go.id/peta-sebaran-covid19> as of December 3, 2021, the number of cases was 132,677. The steps and efforts taken by the Banten Provincial Government to prevent, and suppress the increase in cases of the Covid-19 pandemic is by issuing Banten Governor Regulation Number 38 of 2020 concerning the Implementation of Discipline and Law Enforcement of Health Protocols as an Effort to Prevent and Control Corona Virus Disease 2019. The regulations include aiming to protect the community from the spread of Covid-19, increase community compliance, persons in charge/owners and/or managers of public facilities to the implementation of health protocols, strengthen efforts to handle health due to Covid-19 and provide a deterrent effect for everyone who violates health protocols.

According to Nemeč & Spa (2020), most of the central precautions and restrictions are universal and not focused specifically on the situation of local governments. But the consequences of these measures have a significant impact on local governments. Local and regional transportation restrictions resulted in a decrease in municipal revenue from transportation services, (Kickert et al., 2015), especially in large cities. The ban on mass activities also has an impact on the regional budget by lowering revenues. Closing schools means revenue from catering and other paid services provided by schools disappears from the county budget (Nemeč & Spa, 2020).

The existence of restrictions on community activities greatly affects business activities and certainly has an impact on the economy in Banten. According to Kickert et al. (2015) spending cuts targeted at public administration, namely, operational spending cuts are something that needs to be considered specifically in terms of fiscal consolidation. Operational expenditure deductions are generally grouped by an object of expenditure, distinguished between employee spending and non-employee spending Kickert et al. (2015). According to Maher (2020), Covid-19 is a test of an organization's financial capacity.

There are 998.4 thousand people or 10.36 percent of the working-age population affected by Covid-19. According to the Badan Pusat Statistik Provinsi Banten (2021) the poverty rate of Banten Province from the results of the National Socio Economic Survey (Susenas) in March 2021 was 6.66 percent, an increase of 0.03 points compared to the previous period (September 2020) of 6.63 percent. This is in line with the increase in the number of poor people by 9.59 thousand people from 857.64 thousand people in September 2020 to 867.23 thousand people in March 2021. The increase in the poverty rate is also caused by the covid-19 pandemic situation that has never ended.

The consequences faced during this pandemic include being ready to face the ups and downs of income and expenditure from the APBD. The costs used in handling the pandemic are costs sourced from the APBD which contains details about local original income,

expenditure, and others. Unexpected shopping is one of the posts in the APBD that can be used to finance urgent matters or unexpected conditions such as the Covid-19 pandemic.

Based on Presidential Instruction Number 4 of 2020, Instruction of the Minister of Home Affairs Number 1 of (2020), Local Governments are obliged to make policies for the mechanism for determining the regional budget through refocusing and a budget reallocation. The focus of budget refocusing focuses on three aspects, namely health, social safety nets (JPS), and economic recovery. The Banten Provincial Government has carried out three stages of budget refocusing. In the Amendment of the TA APBD. The 2020 budget for handling Covid-19 is allocated the budget, namely unexpected expenditures, health service expenditures on BLUD, and financial assistance expenditures to the Regency/City Government.

Research conducted by Klimanov et al., (2021) explained that the first quarter level has not shown any effect of Covid-19 on the APBD but the impact of the crisis is felt at the second quarter level and the pandemic has become a unique global phenomenon, the effects of which are difficult to identify and interpret outside of the economic aspects of life.

To find out how the conditions and to what extent a region manages its finances well, it is necessary to analyze financial statements with certain techniques. The analysis technique can be seen from the income variance, expenditure variance, regional financial independence ratio, decentralization degree ratio, regional original income (PAD) effectiveness ratio, regional expenditure efficiency ratio, and unexpected expenditure ratio. As research conducted by Labi (2019) in his research that the growth of the Morotai Island Regency Budget in the 2013-2015 Fiscal Year showed positive growth. Meanwhile, research conducted by Wahyudi & Wulandari (2017) explained that the government's independence in financing government activities, development, and services to the community is still lacking

In general, this study aims to determine the impact of Covid-19 on the financial performance of the Banten Provincial Government in both the 2019 fiscal year and also compare the financial performance of the 2020 fiscal year. The use of the budget for the management of extraordinary events must be accountable to the community both from the aspects of health, social safety net (JPS/ Social Safety Net), and economic recovery. Responsibility remains focused on short-, medium- and long-term effects, this is in line with research by the Organisation for Economic Co-operation and Development (OECD, 2020) the Covid-19 pandemic brings short-, medium- and long-term effects on regional development as well as the functions and finances of local governments.

Based on the results of previous studies that have been described, this research has a novelty, namely, this study not only calculates the ratio of the level of regional independence, the effectiveness of regional original income, the ratio of regional financial efficiency and unexpected expenditures but in this study also conducted a different test to compare financial performance government in The Province of Banten before and after the covid-19 pandemic. In addition, there is no known previous research that specifically examines differences in the level of regional independence, the effectiveness of regional original income, regional financial efficiency ratios and unexpected expenditures in Regional Governments throughout the Province of Banten. With the existence of a different test that compares the performance of Regional Governments throughout The Banten Province from the year before and after the Covid-19 pandemic, it is expected to improve the quality of the performance of local governments, especially Regional Governments throughout The Banten Province in the following years.

From the background that has been described, this research was conducted to find out whether there were differences in the financial performance of The Government in Banten Province before and after the Covid-19 Pandemic.

## LITERATURE REVIEW

### **Regional Finance.**

Law No.12 of 2008 article 156 paragraph (1) on Regional Government states that there are all rights and obligations that can be assessed with money and everything in the form of money and goods that can be used as regional property related to the implementation of these rights and obligations. Regional financial objectives include: accountability, fulfilling financial obligations, honesty, useful and appropriate results, and control.

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

According to Law No.32 of 2004 concerning Regional Government and Law No.33 of 2004 concerning Central and Regional Financial Balance, APBD is the annual financial plan of local governments that is discussed and approved jointly by the local government and the DPRD and is determined by regional regulations. In-Law No.33 of 2004 concerning Central and Regional Financial Balance Article 66 paragraph 3, the APBD has the functions of authorization function, planning function, supervisory function, allocation function, and distribution function.

### **Performance**

According to Mahsun in Onibala et al., (2021) performance is the result of an achievement of the implementation of activities/programs/policies which are described in the form of achieving the goals, objectives, missions, and vision of the organization as stated in the strategic planning plan of an organization. Meanwhile, performance measurement is a series of activities in assessing the progress or progress of work towards predetermined goals and objectives, including information on the efficiency of resource use in producing goods and services, quality of goods and services, comparison between the results of activities with the intention of the existence of activities and the effectiveness carried out in actions to achieve organizational goals (Mahsun in Onibala et al., 2021).

### **Regional Financial Performance**

According to Syamsi in Soedarsa & Putri (2014) regional financial performance is the ability and ability of a region to explore and manage local original financial resources in meeting its needs to support the running of the government system, services to the community, and regional development by not being fully dependent on the central government and having flexibility in using funds for the benefit of regional communities within specified limits laws and regulations.

### **Objectives of Measuring Regional Financial Performance**

According to Mardiasmo (2021), the purpose of measuring regional financial performance is to help allocate resources and make decisions, improve government performance, realize public accountability, and improve communication and institutions.

### **Financial Ratios**

Financial ratios as a means of measuring the financial performance of local governments. According to Halim (2020) several financial ratios that can be used in measuring local government accountability include the independence ratio, effectiveness ratio to local indigenous income, regional expenditure efficiency ratio, and financial growth ratio.

### **Refocusing Theory**

According to Weston et al in Nurdiani (2021) refocusing will make it easier for managers to monitor and make better decisions when the company's business is positioned more narrowly. The concept of refocusing should also be applied in ensuring the financial stability of a country, especially when facing a crisis. Refocusing is also an alternative to minimize the occurrence of economic recession to ensure national economic stability. Refocusing considerations will certainly be a global economic downturn due to the impact of improper or strategic policies (Weston et al in Nurdiani, 2021).

### **Regulation Regulates Refocusing**

Every regulation prepared and regulated by the government is certainly based on the budget, this can be seen in terms of budgeting policy aspects. By paying attention to Presidential Instruction Number 4 of 2020 concerning Refocusing Activities, Budget Reallocation, and Procurement of Goods and Services in the Context of Accelerating Handling of COVID-19, the focus of regulation is more on budget reallocation efforts that were previously intended for other than handling Covid-19 which was then changed its focal point which focused on efforts to accelerate the handling of Covid-19. Therefore, refocusing is very important considering that Covid-19 is an extraordinary event and in substance refocusing is a policy that must be taken in the context of community interests. Refocusing on the budget can be done, especially in the health and social sectors, this is certainly the assumption that there will be a decline in the revenue budget.

### **Previous Research**

According to Nemeč & Spa (2020) in their research The Covid-19 pandemic and local government finance: Czechia and Slovakia it was concluded that the Covid-19 crisis had a significant impact on the finances of local governments in Czechia and Slovakia both in terms of revenue and budget expenditure. In addition, Czechia and Slovakia have performed very well during the Covid-19 pandemic in terms of limiting the spread of the first phase of the virus (March-June).

According to the OECD (2020) the existence of Covid-19 will have an impact on regional finances in various countries, between government levels, regions, and cities. There are five main factors affected in subnational finance, all of which need to be taken into account in analyzing and comparing the fiscal impact of the spread of Covid-19 in regions and cities, including the degree of decentralization in particular the assignment of expenditure responsibility as the role of regions and cities in managing the crisis may vary depending on the scope of its responsibility, the characteristics of local government revenues, in particular the degree of sensitivity to economic fluctuations, fiscal flexibility" i.e. the ability of local governments to absorb tremendous pressures, the capacity to adjust the expenditures and revenues of local governments to urgent needs, fiscal health or financial conditions i.e. the current budget balance and the debt situation of a particular country local government, the level of cash and reserves set aside, the scope and efficiency of support policies of the government level that higher.

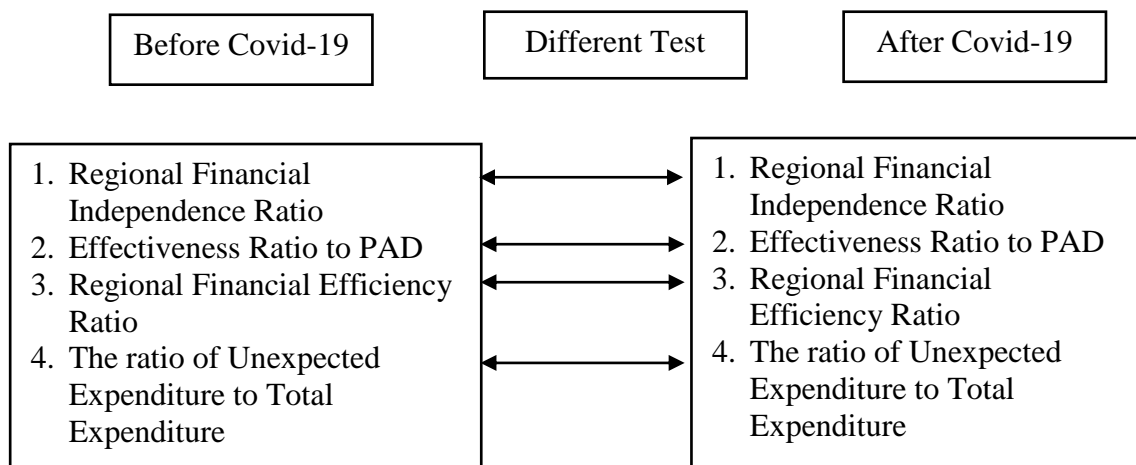
Soedarsa & Putri (2014) conducted research on the Financial Performance Analysis of District / City Governments throughout Lampung Province. The indicators studied are the ratio of independence with research results below 50% "very low", the ratio of effectiveness with research results above 100% which means it is very effective, and the efficiency ratio is above 90% which means that financial performance is "less and inefficient", financial growth with the results of almost all Regency / City Governments throughout Lampung Province has decreased and the level of difference between financial performance in 2011 and 2012 with significant results. Onibala et al. (2021) conducted research related to the Impact of the Covid-19 Pandemic on the Regional Financial Performance of Southeast Minahasa Regency. The results of his research explained that the Covid-19 pandemic had an impact on the decline in the financial performance of Minahasa Tenggara Regency compared to the performance of the previous year but the effect/impact was not significant.

The results of Muliastini & Yadnyana (2013) research (2013) explain that there is a significant difference in financial performance between the district/city government of the Sarbagita metropolitan area based on the regional financial independence ratio and there is no significant difference in financial performance between the district/city government of the Sarbagita metropolitan area based on the effectiveness ratio. In contrast to the results of



research from Pradiatmi, (2015) that the ratio of independence does not have a positive effect on economic growth. Research conducted by Klimanov et al., (2021) explained that the level of the first quarter has not shown any effect of Covid-19 on the APBD, but the impact of the crisis was felt in the second quarter.

Conceptual Framework for Regional Financial Performance of Regional Governments in Banten Province before and during the Covid-19 Pandemic.



**Figure 1.** Research Conceptual Framework

Based on the conceptual framework above, the formulation of the hypothesis in this study is as follows:

- H1: There are differences in the level of regional independence in the government of the Banten Province before and after the Covid-19 Pandemic.
- H2: There are differences in the level of effectiveness of PAD in the government of Banten Province before and after the Covid-19 Pandemic.
- H3: There are differences in the level of regional financial efficiency in the government of the Banten Province before and after the Covid-19 Pandemic.
- H4: There is a difference in the level of unexpected spending by the government in Banten Province before and after the Covid-19 Pandemic.

## METHOD

### Data and Data Sources

The data used in this study is in the form of secondary data consisting of data derived from the Regional Revenue and Expenditure Budget Realization Report of the Banten Provincial Government from 2019-to 2020. This data was obtained from the official website of PPID Banten Province, Data portal ([kemenkeu.go.id](http://kemenkeu.go.id)), Banten Province Regional Financial Statistics 2019 and Banten Province Regional Financial Statistics 2020.

### Data Collection Methods

This research uses the archival research method, which is a research method that uses data used to investigate documents and textual materials produced by the organization or about the organization. In general, the archival method collects data in the form of evidence, notes, documents, and historical reports (Ventresca & Mohr, 2017). The data used in this study are the APBD realization report from 2019 (before the pandemic) and the 2020 APBD realization report (Covid-19 pandemic period).

### Wilcoxon Signed-Ranks Test

According to Ghozali, (2018), the Wilcoxon Signed- RanksTests difference test is a non-parametric test used to evaluate certain treatments on two observations before and after

certain treatments. In testing the analysis of this research hypothesis, it will be used through a different test using the Wilcoxon Signed-Rank Test. This technique is very relevant because it aims to compare and find out the average difference between two paired samples (Triwiyanti, Ardina (2019)). The advantage of the Wilcoxon Signed-Rank test is that it can be used to research quantitative data that are not normally distributed. In carrying out the Wilcoxon Signed-Ranks Test, there is no need for a normality test (Ghozali, 2018).

There are criteria for the Wilcoxon Signed-Ranks Test with a level of significance = 5%, as follows:

1. If the p-value (in column sig.)  $\leq 0.05$  then  $H_0$  is rejected and  $H_a$  is accepted which indicates that there are differences in the financial performance of Regional Governments throughout Banten Province before and after Covid-19.
2. If the p-value (in column sig.)  $> 0.05$  then  $H_0$  is accepted and  $H_a$  is rejected which indicates that there is no difference in the financial performance of the Regional Governments in Banten Province before and after Covid-19

### Research variables

The research variables used in this study are financial performance variables with measurement indicators through the ratio of regional financial independence, the ratio of the effectiveness of regional original income (PAD), the ratio of regional expenditure efficiency, and the ratio of unexpected expenditures.

### Variable Measurement

#### 1. Regional Financial Independence Ratio

Regional Financial Independence is the ability of a region to finance all government activities, development, and services to its community independently. According to Halim in Rahmawati & Putra (2016) the formulation of the independence ratio:

$$\text{Independence Ratio} = \frac{PAD}{\text{Total PAD}} \times 100\%$$

According to Halim in Gramini et al. (2017) the pattern of relationship between the central government and local governments, especially the implementation of Law Number 33 of 2004 concerning Financial Balance between the central government and local governments, among others:

1. Pattern of instructive relations: the role of central government is more dominant than the independence of local government (regions that are unable to carry out regional autonomy).
2. The pattern of consultative relations: the interference of the central government has begun to decrease because the regions are considered to be slightly better able to exercise regional autonomy.
3. Participatory relationship pattern: the role of the central government has begun to decrease considering that the regions concerned have a level of independence close to being able to carry out regional autonomy.
4. The pattern of delegative relations: the interference of the central government is no longer there because the regions have been fully capable of carrying out the affairs of regional autonomy.

According to Halim in Rahmawati & Putra (2016), relationship patterns and levels of regional independence can be seen in the following table:

**Table 1.**  
 Relationship Patterns and Levels of Regional Independence

Regional Capabilities	Independence (%)	Relationship Patterns
Very Low	0-25	Instructive
Low	25-50	Consultative
Medium	50-75	Participatory
High	75-100	Delegative

## 2. The Ratio of Effectiveness to PAD

According to Mardiasmo (2021) effectiveness is a measure of whether an organization succeeds in achieving its goals. If an organization succeeds in achieving its goals, then the organization is said to have run effectively. The most important thing to note is that effectiveness does not state how much it has cost to achieve the goal. The ability of local governments to realize the planned PAD compared to the budgeted/set targets based on the real potential of the regions is a form of regional financial effectiveness ratio. According to Halim in Labi (2019) the effectiveness ratio is measured by the formula:

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

According to Mahmudi in Rahmawati & Putra (2016) the criteria for the effectiveness of financial performance can be seen in the following table:

**Table 2.**  
 Financial Performance Effectiveness Criteria

Financial Performance Percentage (%)	Criteria
> 100	Very effective
100	Effective
90-99	Quite Effective
75-89	Less effective
<75	Ineffective

## 3. Regional Financial Efficiency Ratio

The efficiency ratio is a ratio that describes the comparison between the number of costs incurred to obtain income and the realization of income received. The smaller the efficiency, the better the performance of local governments. According to Halim in Labi (2019) the efficiency ratio can be calculated by the formula, as follows:

$$\text{Efficiency Ratio} = \frac{\text{Total Realization of Regional Expenditure}}{\text{Regional Revenue Realization}} \times 100\%$$

According to Mahmudi in Rahmawati & Putra (2016), criteria for financial performance efficiency can be seen in the following table:



**Table 3.**  
 Financial Performance Efficiency Criteria

Financial Performance Percentage (%)	Criteria
> 100	Inefficient
= 100	Efficient Balanced
< 100	Efficient

#### 4. Ratio of Unexpected Spending to Total Spend

According to Mahmudi in Karinda et al. (2013) the unexpected spending ratio is formulated as follows:

$$\text{Unexpected spending ratio} = \frac{\text{Total Unexpected Spending}}{\text{Total Regional Spending}} \times 100\%$$

### RESULTS AND DISCUSSION

The Covid-19 pandemic has greatly impacted the Government's APBD for the Banten Province FY 2020. The Banten Provincial Government's efforts in dealing with Covid-19 are by optimizing the use of Unexpected Expenditures (BTT), budgeting sourced from the BLUD RSUD Banten FY 2020 and Expenditures. Directly to the Regional Apparatus available in the 2020 FY APBD. The Banten Provincial Government has attempted to carry out refocusing in three stages. The budget refocusing, among others, is used to support the smooth running of health activities, health services, social safety networks, and assistance to district/city governments.

Likewise, district and city governments are making the best possible use of the budget in efforts to handle the spread of Covid-19 and participating in health efforts, social assistance for citizens affected by Covid-19 and other social activities.

In this study, the financial performance of Regional Governments throughout The Province of Banten can be used as an assessment related to the level of progress in achieving the implementation of work or activities of Regional Governments throughout The Province of Banten in the financial sector. The ratios used in analyzing the financial performance research of the Banten Provincial Government are the ratio of regional financial independence, the effectiveness ratio of PAD, and the ratio of regional financial efficiency. The results of the ratio analysis in this study are as follows:

#### Results of Quantitative Analysis (Financial Ratio Analysis) Regional Financial Independence Ratio

**Table 4.**  
 Calculation of Regional Financial Independence Ratio  
 Regional Governments in Banten Province 2019 – 2020

Local Government	Regional Financial Independence Ratio (%)			
	Year 2019	Capability Criteria	Year 2020	Capability Criteria
Banten Province	62,69	Medium	57,16	Medium
Pandeglang Regency	8,28	Very Low	7,74	Very Low

Lebak Regency	12,50	Very Low	14,82	Very Low
Tangerang Regency	48,14	Low	46,66	Low
Serang Regency	23,32	Very Low	24,53	Very Low
Tangerang City	47,39	Low	45,19	Low
Cilegon City	35,93	Low	40,73	Low
Serang City	14,16	Very Low	14,24	Very Low
Tangerang Selatan City	52,77	Medium	51,21	Medium
Average	33,91	Low	33,59	Low

Data source: processed data (2021)

The results of the calculation in table 4 show that the average ratio of the level of regional financial independence of the Regional Government in Banten Province in 2019-2020 is 33.75% or decreased by 0.32% in the low category and is included in the pattern of consultative relationships which means that mixed the hands of the central government has begun to decrease because Regional Governments throughout The Province of Banten are considered to be slightly more capable of implementing regional autonomy.

The average regional financial independence ratio in the Banten Provincial Government decreased by 5.53% with an average regional financial independence ratio of 59.92% which can be categorized as moderate with a participatory relationship pattern. The pattern of this relationship means that the role of the central government has begun to decrease considering the level of independence of the Banten Provincial Government is close to being able to carry out regional autonomy.

The average ratio of the level of regional independence in the 4 districts in the Banten Provincial Government before and after Covid-19 was 23.25% and classified in the very low category with an instructive relationship pattern which means that the role of the central government is more dominant than the independence of regional governments (regions that are not able to implement regional autonomy). Meanwhile, the average ratio of the level of regional independence in 4 cities in the Banten Provincial Government before and after Covid-19 was 37.70% and was classified in the low category with a consultative relationship pattern which means that central government intervention has begun to decrease because the local government cities are considered to be slightly more capable of implementing regional autonomy.

Differences in the level of regional financial independence from the Banten Provincial Government, regencies and cities can be affected by the consequences of the Covid-19 pandemic. The Covid-19 pandemic has caused many residents who initially had jobs to be sent home. So there is a lot of unemployment and people's purchasing power decreases. Differences in geographical location can also distinguish the level of regional financial independence, such as in Tangerang City, South Tangerang City is a strategic location close to the capital city of Jakarta. In these cities a lot of companies and the centre of the ongoing economy. Likewise, Cilegon City, which is mostly the location for the operation of companies and Serang City, apart from being the centre of the economy, this city is also the city centre of the Banten Province government.

In contrast to the districts, the number of phenomena such as the lack of employment opportunities, a lot of unemployment, and the low level of education can be a lack of economic life in the district and many district residents looking for work in big cities. Lebak Regency is one of 4 districts that still have a high poverty rate. The poverty rate of Lebak Regency from the results of the National Socio-Economic Survey (Susenas) in March 2020 was 9.24 per cent. This could be the cause that the districts in Banten Province still need assistance from the central government with an instructive relationship pattern.

In general, the PAD of the Regional Governments of the Banten Province from 2019 to 2020 has decreased. This can be seen from the reduction in income consisting of regional tax revenues, regional retribution income and other legitimate PAD from the previous year and each regional government of course has different policies in the implementation of regional autonomy.

### PAD Effectiveness Ratio

**Table 5.**  
 Calculation of the Effectiveness Ratio of Regional Government PAD  
 in Banten Province in 2019-2020

Local Government	Effectiveness Ratio (%)			
	Year 2019	Capability Criteria	Year 2020	Capability Criteria
Banten Province	95,61	Quite Effective	72,43	Less effective
Pandeglang Regency	101,37	Very effective	78,54	Less effective
Lebak Regency	106,73	Very effective	98,08	Quite Effective
Tangerang Regency	121,91	Very effective	89,40	Less effective
Serang Regency	95,86	Quite Effective	88,33	Less effective
Tangerang City	101,55	Very effective	69,35	Ineffective
Cilegon City	90,51	Quite Effective	98,67	Quite Effective
Serang City	110,39	Very effective	89,77	Less effective
Tangerang Selatan City	112,26	Very effective	76,93	Less effective
Average	104,02	Very effective	84,61	Less effective

Data source: processed data (2021)

Table 5 illustrates that the average PAD effectiveness ratio in Local Governments throughout Banten Province has decreased by 19.41%. The decrease in the effectiveness ratio causes the criteria to change which were previously very effective to become less effective. This shows that the Regional Governments throughout the province of Banten have not been able to realize the planned PAD compared to the target set based on the real potential of each region.

The PAD effectiveness ratio of the Banten Provincial Government in 2019 and 2020 decreased by 23.18% with the average PAD effectiveness ratio of the Banten Provincial Government of 84.02% being in the less effective criteria. The effectiveness ratio to PAD in 4 districts in 2019 and 2020 decreased by 17.88% with an average effectiveness ratio of 97.53% with criteria quite effective. Likewise, the effectiveness ratio to PAD in 4 cities in 2019 and 2020 decreased by 20% with an average effectiveness ratio before and after Covid-19 of 93.68% with criteria quite effective. It can be concluded that during the Covid-19 pandemic there has been a decline in the effectiveness ratio to PAD in Regional Governments throughout the Banten Province. Therefore, it can be said that The Regional Governments throughout The Banten Province have not met the value for money criteria (economical, efficient and effective).

### Regional Financial Efficiency Ratio

The purpose of the efficiency ratio analysis is to determine the level of efficiency of the implementation of a program by measuring the comparison of the inputs used with the outputs obtained.

**Table 6.**  
 Calculation of Regional Financial Efficiency Ratio  
 Regional Governments in Banten Province 2019-2020

Local Government	Financial Efficiency Ratio (%)			
	Year 2019	Capability Criteria	Year 2020	Capability Criteria
Banten Province	74,54	Efficient	77,82	Efficient
Pandeglang Regency	98,42	Efficient	102,64	Inefficient
Lebak Regency	99,31	Efficient	98,03	Efficient
Tangerang Regency	102,47	Inefficient	101,56	Inefficient
Serang Regency	105,90	Inefficient	103,70	Inefficient
Tangerang City	102,13	Inefficient	96,21	Efficient
Cilegon City	103,13	Inefficient	88,37	Efficient
Serang City	99,40	Efficient	104,45	Inefficient
Tangerang Selatan City	105,48	Inefficient	103,58	Inefficient
Average	98,98	Efficient	97,37	Efficient

Data source: processed data (2021)

Table 6 illustrates that the average regional financial efficiency ratio in Regional Governments throughout Banten Province in 2019 and 2020 has decreased by 1.60% and shows the efficient criteria. The regional financial efficiency ratio in the Banten Provincial Government increased by 3.28% which came from interest expenditure, grant expenditure, equipment and machinery capital expenditure, building and building capital expenditure, and other asset capital expenditure to unexpected expenditure increased from the previous year. The realization of regional income from 2019 to 2020 has increased. The average efficiency ratio is 76.18% and remains on the criteria of efficient capability. These results are by the statement of the Governor of Banten that the Banten Provincial Government continues to improve efficiency and optimize the effectiveness of regional financial management while still prioritizing transparency and good governance, source: <https://bapenda.bantenprov.go.id/post/digitalisasi-step-penting-recovery-national-economy>.

The regional financial efficiency ratio in 4 districts in 2019 and 2020 experienced a not-so-significant decrease, namely less than 1% and the average efficiency ratio was 101.50% in the inefficient category. It is the same with 4 cities in Banten Province which experienced a decrease of 4.38% and an average efficiency ratio of 100.35% in the inefficient category. The decline in the regional financial efficiency ratio in districts and cities indicates that the realization of regional expenditures is greater than the realization of regional revenues.

## The ratio of Unexpected Spending To Total Spend

**Table 7.**

Calculation of the Ratio of Unexpected Expenditures to Total Expenditures  
 Regional Governments in Banten Province 2019 – 2020

Local Government	Unexpected Spending Ratio	
	Year 2019	Year 2020
Banten Province	0,02	7,17
Pandeglang Regency	0,00	2,34
Lebak Regency	0,10	5,85
Tangerang Regency	0,04	5,61
Serang Regency	0,00	2,98
Tangerang City	1,34	2,37
Cilegon City	0,00	2,47
Serang City	0,00	6,40
Tangerang Selatan City	0,00	2,32
Average	0,19	4,17

Data source: processed data (2021)

Table 7 provides information on the share of regional expenditures allocated for unexpected expenditures in the 2019-2020 fiscal year. Unexpected expenditures are allocated to anticipate disasters that must be addressed immediately and for other unexpected expenditures that are very much needed in the context of administering the authority of Regional Governments throughout The Banten Province.

The results of the calculation in table 7 show that the average ratio of unexpected expenditures to regional expenditures in Regional Governments throughout The Banten Province experienced a very significant increase of 3.98%. The average ratio of unexpected expenditures to regional expenditures at the Banten Provincial Government increased by 7.15% with an average unexpected expenditure ratio of 3.60%. Similarly, there was an increase in the average unexpected spending ratio in 4 districts and 4 cities which experienced an increase of 4.16% each, with an average unexpected expenditure ratio of 2.12% for districts and an average increase of 2.12% for districts. the average unexpected spending ratio is 3.05% with an average unexpected spending ratio of 1.86% at the municipal government level.

This means that with the Covid-19 pandemic, local governments are very significant in spending regional expenditures. The realization of this unexpected expenditure was used for the procurement of medical equipment, procurement of medicines, personal protective equipment, procurement of rapid tests, disinfectants, cleaning equipment and others, laboratory support tools and materials, incentives for health workers, patient meals and drinks, officers, staff lodging rental, vehicle rental and tent rental, rapid test screening, honorarium for central resource persons and experts, a study of data analysis on the development of COVID-19 and other health management at the Health Service and Regional Disaster Management Agency, disaster, and social safety networks.

### Hypothesis Testing Results

The analysis will be carried out with a test of normality and output test statistics first. In the test of normality stage, the distribution of the data will be tested using the Shapiro-Wilk method because the data used is relatively small. This is to the explanation of Yazici & Yolacan (2007) for data samples that are less than 50 samples (N<50) it is recommended to



use the Shapiro Wilk test. From the test results, if the data test results are at a significance value of more than 0.05 (sig.> 0.05), then the data is normally distributed. However, if the data test results show a significance value of less than 0.05 (sig. <0.05), then the data is not normally distributed.

In the output test statistics, if the results of the test of normality show that the distribution of the data is normally distributed, then a Paired t-test can be performed to determine the difference in the average of the paired samples. However, if the data distribution is not normally distributed, then the Wilcoxon Signed-Rank Test can be performed to determine the difference in the mean of the paired samples.

**Data Normality Test (Test of Normality)**

**Table 8.** Tests of Normality

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Independence _2019	.195	9	.200 <sup>*</sup>	.918	9	.375
Independence _2020	.207	9	.200 <sup>*</sup>	.902	9	.266
Effectiveness _2019	.155	9	.200 <sup>*</sup>	.967	9	.872
Effectiveness _2020	.191	9	.200 <sup>*</sup>	.924	9	.429
Efficiency _2019	.366	9	.001	.653	9	<b>.000</b>
Efficiency _2020	.236	9	.160	.795	9	.018
Unexpected _Spending _2019	.449	9	.000	.443	9	<b>.000</b>
Unexpected _Spending _2020	.276	9	.047	.802	9	.022

\*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Based on the test results in table 8 using the Shapiro-Wilk method, there are 2 (two) data variables, namely the 2019 efficiency variable and the 2019 unexpected expenditure variable showing a significance value of less than 0.05 (sig. <0.05). Thus, it can be concluded that the data are not normally distributed. This is by the explanation Ghozali (2018) that if the research data is not normally distributed, then the different tests can use a non-parametric test technique using the Wilcoxon Signed-Rank Test.

**Wilcoxon Signed Rank-Test (Output Test Statistics)**

**Table 9.** Test results of Wilcoxon Signed-Rank Test Statistics

Test Statistics <sup>a</sup>				
	Independence _2020 - Independence 19	Effectiveness _2020 - Effectiveness _2019	Efficiency _2020 - Efficiency _2019	Unexpected _Spending _2020 - Unexpected _Spending _2019
Z	-.415 <sup>b</sup>	-2.429 <sup>b</sup>	-.533 <sup>b</sup>	-2.666 <sup>c</sup>

Asymp. Sig. (2-tailed)	.678	.015	.594	.008
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- a. Wilcoxon Signed Ranks Test
- b. Based on positive ranks.
- c. Based on negative ranks.

Based on the results of the Wilcoxon Signed-Rank Test (Output Test Statistics), the test results of the four hypotheses can be explained as follows:

**First Hypothesis Testing Results**

Tests on the variable level of regional independence show that the value of Asymp. sig. (2-tailed) value (sig. 0.678) is greater than the alpha value (0.05), it can be concluded that Hypothesis 1<sup>st</sup> is rejected, which means that there is no difference in the performance of the level of regional independence in the years before Covid-19 and after Covid-19. So it can be concluded that there is no significant effect of the Covid-19 pandemic on the level of independence in Regional Governments throughout Banten Province.

**Table 10.** Output Ranks of the level of Regional Financial Independence Wilcoxon Signed-Rank Test

		Ranks		
		N	Mean Rank	Sum of Ranks
Independence _2020 -	Negative Ranks	5 <sup>a</sup>	5.20	26.00
Independence _2019	Positive Ranks	4 <sup>b</sup>	4.75	19.00
	Ties	0 <sup>c</sup>		
	Total	9		

- a. Independence \_2020 < Independence \_2019
- b. Independence \_2020 > Independence \_2019
- c. Independence \_2020 = Independence \_2019

Based on table 10 which is the result of the output ranks of the variables for the level of regional financial independence, it can be seen that the results of the comparison of the value of the level of regional independence in 2020 and 2019. This value indicates that there is an identification that of the nine (9) work units tested, there are 55.5% work units. or as many as 5 work units that experienced a decrease in the level of regional financial independence, meanwhile 44.4% of work units or as many as 4 work units experienced an increase in the level of regional financial independence. This means that when viewed from the side of the number, the work units that have decreased and increased in the level of regional independence are relatively the same.

**Second Hypothesis Testing Results**

Tests on the effectiveness variable show that the value of Asymp. sig. (2-tailed) value (sig. 0.015) is smaller than the alpha value (0.05), it can be concluded that Hypothesis 2<sup>nd</sup> is accepted, which means that there is a difference between the effectiveness value of PAD in the year before Covid-19 and the year after Covid-19. This means that The Covid-19 pandemic has a significant effect on the effectiveness ratio of Regional Governments throughout The Banten Province.

**Table. 11.** Output Ranks Of The Level Of Regional Financial Independence Wilcoxon Signed-Rank Test

		Ranks		
		N	Mean Rank	Sum of Ranks
Effectiveness _2020 -	Negative Ranks	8 <sup>d</sup>	5.38	43.00
Effectiveness _2019	Positive Ranks	1 <sup>e</sup>	2.00	2.00
	Ties	0 <sup>f</sup>		
	Total	9		

d. Effectiveness \_2020 < Effectiveness \_2019

e. Effectiveness \_2020 > Effectiveness \_2019

f. Effectiveness \_2020 = Effectiveness \_2019

Based on table 11 which is the result of the output ranks of the effective variables on PAD, it can be seen that the results of the comparison of the effectiveness values in 2020 and 2019. This value indicates that there is an identification that of the 9 (nine) work units tested, there are 88.8% of work units or as many as 8 work units experienced a decrease in the level of effectiveness, meanwhile, 11.1% of work units or 1 work unit experienced an increase in the level of effectiveness. The difference in effectiveness levels indicates that the implementation of activities by the existing work units is very dynamic during The Covid-19 pandemic in 2020 compared to 2019.

**Third Hypothesis Testing Results**

Tests on regional financial efficiency variables show that the value of asymp. sig. (2-tailed) value (sig. 0.594) is greater than the alpha value (0.05), it can be concluded that hypothesis 3<sup>rd</sup> is rejected, which means there is no difference between the value of regional financial efficiency in 2019 (before covid) and the efficiency ratio in 2020 (after covid). So it can be concluded that there is no influence from the covid-19 pandemic on the level of regional financial efficiency of Regional Governments throughout Banten Province.

**Table. 12.** Output Ranks Of Regional Financial Efficiency Level Wilcoxon Signed-Rank Test

		Ranks		
		N	Mean Rank	Sum of Ranks
Efficiency _2020 –	Negative Ranks	6 <sup>g</sup>	4.50	27.00
Efficiency _2019	Positive Ranks	3 <sup>h</sup>	6.00	18.00
	Ties	0 <sup>i</sup>		
	Total	9		

g. Efficiency \_2020 < Efficiency \_2019

h. Efficiency \_2020 > Efficiency \_2019

i. Efficiency \_2020 = Efficiency \_2019

Based on table 12 which is the result of the output ranks of efficiency variables on regional expenditures, it can be seen that the results of the comparison of the value of the level of regional financial efficiency in 2020 and 2019. This value shows that of the 9 (nine) work units tested, there are 66.6% of work units or as many as 6 work units that experienced a decrease in the level of efficiency, meanwhile 33.3% of work units or as many as 3 work units experienced an increase in the level of efficiency.

#### Fourth Hypothesis Testing Results

Tests on the unexpected spending variable show that the value of asymp. sig. (2-tailed) value (sig. 0.008) is smaller than the alpha value (0.05), it can be concluded that hypothesis 4<sup>th</sup> is accepted, which means there is a difference between the value of unexpected spending on total spending in 2019 (before covid) and the ratio unexpected spending on total spending in 2020 (after covid). So it can be concluded that there is a significant influence of the covid-19 pandemic on the level of use of the unexpected budget in the regional governments of the banten province.

**Table 13.** Output Ranks Unexpected Spending Level Wilcoxon Signed-Rank Test

		Ranks		
		N	Mean Rank	Sum of Ranks
Unexpected_Spending	Negative Ranks	0 <sup>j</sup>	.00	.00
_2020 - Unexpected	Positive Ranks	9 <sup>k</sup>	5.00	45.00
Spending _2019	Ties	0 <sup>l</sup>		
	Total	9		

j. Unexpected\_Spending \_2020 < Unexpected\_Spending \_2019

k. Unexpected\_Spending \_2020 > Unexpected\_Spending \_2019

l. Unexpected\_Spending \_2020 = Unexpected\_Spending \_2019

Based on table 13 which is the result of the output ranks of the unexpected expenditure variable to total expenditure, it can be seen that the comparison of the value of the regional financial efficiency level in 2020 and 2019. This value shows that of the 9 (nine) work units tested, all of them experienced an increase in non-tax expenditures. expected.

#### CONCLUSION

Based on the discussion that has been stated above, it can be concluded that the impact of covid-19 on the financial performance of regional governments throughout The Banten Provincial Government is as follows:

1. The average ratio of the level of regional financial independence of The Regional Government In Banten Province in 2019-2020 of 33.75% is in the low category with a consultative relationship pattern which means that central government interference has begun to decrease because The Regional Government throughout the Banten Province considered slightly more capable of implementing regional autonomy. The results of the first hypothesis test explain that there is no difference in the performance of the level of regional independence in the years before covid-19 and after covid-19, which means that there is no significant effect of the covid-19 pandemic on the level of independence in Regional Governments throughout Banten Province.
2. The average pad effectiveness ratio in Local Governments throughout The Banten Province has decreased by 19.41% in the less effective category. This shows that The Regional Governments throughout The Province of Banten have not been able to realize the planned pad compared to the target set based on the real potential of each region. the results of the second hypothesis test explain that there is a difference between the effectiveness value of pad in the year before covid-19 and the year after covid-19. This means that the covid-19 pandemic has a significant effect on the government's effectiveness ratio.

3. The average regional financial efficiency ratio in Regional Governments throughout The Banten Province in 2019 and 2020 decreased by 1.60% and shows the efficient criteria. The results of the third hypothesis test explain that there is no difference between the value of regional financial efficiency in 2019 (before covid) and the efficiency ratio in 2020 (after covid). So it can be concluded that there is no influence from the covid-19 pandemic on the level of regional financial efficiency in Regional Governments throughout The Banten Province.
4. The average ratio of unexpected expenditures to regional expenditures in Regional Governments throughout The Province Of Banten experienced a very significant increase of 3.98%. The results of the fourth hypothesis test explain that there is a difference between the value of unexpected spending on total spending in 2019 (before covid) and the ratio of unexpected spending to total spending in 2020 (after covid). So it can be concluded that there is a significant effect of the covid-19 pandemic on the level of use of the unexpected budget in The Regional Governments of The Banten Province

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